

1 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

2 MONTHLY MEETING

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TRANSSCRIPT OF PROCEEDINGS.

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10 1001 I Street

11 Sacramento, California 95814

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13 Tuesday, August 12, 2014

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9:12 a.m.

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1 A P P E A R A N C E S
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3 BOARD MEMBERS

4 Mr. Dan Richard, Chairman

5 Mr. Tom Richards, Vice-Chair

6 Mr. Jim Hartnett, Vice-Chair

7 Mr. Rick Frank

8 Mr. Patrick Henning

9 Ms. Katherine Perez-Estolano

10 Mr. Michael Rossi

11 Ms. Thea Selby

12 Ms. Lynn Schenk

13

14 STAFF

15 Ms. Janice Neibel, Board Secretary

16

17 ALSO PRESENT

18 Mr. Jeff Morales, CEO

19 Mr. Thomas Fellenz, Esq., Legal Counsel

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1 SACRAMENTO, CALIFORNIA, August 12, 2014

2 9:12 a.m.

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6 CHAIRMAN RICHARD: Good morning, everybody.

7 I apologize for being a few minutes late. Mr. Rossi had
8 something he needed staff to do.

9 Welcome to this meeting of the California High
10 Speed Rail Authority.

11 Will the secretary please call the roll.

12 MS. NEIBEL: Ms. Schenk.

13 MS. SCHENK: Here.

14 MS. NEIBEL: Vice-Chair Richards.

15 MR. RICHARDS: Here.

16 MS. NEIBEL: Vice-Chair Hartnett.

17 MR. HARTNETT: Here.

18 MS. NEIBEL: Mr. Rossi.

19 MR. ROSSI: Here.

20 MS. NEIBEL: Ms. Perez-Estolano.

21 MS. PEREZ-ESTOLANO: Here.

22 MS. NEIBEL: Mr. Henning.

23 MR. HENNING: Here.

24 MS. NEIBEL: Mr. Frank.

25 MR. FRANK: Here.

1 MS. NEIBEL: Ms. Selby.

2 MS. SELBY: Here.

3 MS. NEIBEL: Chairman Richard.

4 CHAIRMAN RICHARD: Mr. Henning, will you
5 lead us in the Pledge of Allegiance to the flag.

6

7 (Pledge of Allegiance recited.)

8

9 CHAIRMAN RICHARD: Thank you.

10 Normally, we go right into the public comment
11 section, but this morning I just have a few remarks I'd
12 like to make before that mainly because I think they'll
13 help frame some of the issues that some of you may want
14 to discuss during the public comment session, so that's
15 why I'm taking this unusual step. And also, it's been
16 two months since this board met. A lot has happened in
17 that two months. From our perspective, the things that
18 have happened have been pretty positive. As a
19 consequence, we're thinking of not having any further
20 meetings until the project is in operation.

21 In any case, since the time we met in June, a
22 number of things have occurred that have affected the
23 future of the California high-speed rail project.
24 Probably the most significant was that there were two
25 rulings by California Third District Court of Appeals

1 that had the effect of reversing lower court decisions
2 relating to our access to the state bond measure, the
3 bonds in the state bond measure. And obviously, we
4 welcome those rulings. We appreciate them, and we
5 certainly appreciate the alacrity with which both the
6 Supreme Court and the Third District Court of Appeals
7 took up the issue, because it is a very important issue
8 for the public in California. One of the things that I
9 think is really important to emphasize about those
10 rulings is that from the perspective of the High Speed
11 Rail Authority Board and staff, we have always believed
12 that what we were doing was and is consistent with the
13 will of the voters who past the bond measure in 2008,
14 and there's a lot of commentary on this, but I don't
15 know of anyone in this organization who feels otherwise
16 that we are embarking on building a 21st century, fast
17 high-speed rail system that will be clean and will be
18 self-sustaining, operating without a subsidy and that
19 will meet the performance requirements that are in the
20 bond act. And so we appreciate the opportunity that the
21 Court of Appeals' rulings have given us but allows us to
22 rededicate our efforts to what we believe has been our
23 task all along.

24 Also, in a project like this, there will always
25 be good days and bad days. We are cognizant of the fact

1 that there will be other challenges to this project.
2 There will be legal challenges, engineering, and the
3 financial challenges, in fact, may be easier to get our
4 arms around, but there will always be ups and downs in
5 an endeavor like this. This is, after all, the largest
6 infrastructure project in the United States. And so no
7 one can expect that it's going to proceed without,
8 without some setbacks as well as some things that push
9 us forward. So while we're grateful for the recent
10 legal victories, the thing about this organization is we
11 have always kept our eye on the ball even when the lower
12 court decisions appear to be negative. We have always
13 focused on what it takes in order to move this project
14 forward and to deliver on what was promised to the
15 voters.

16 In addition to that, the legislature of
17 California, in passing the budget this year, included a
18 very important provision to provide the High Speed Rail
19 Authority an allocation of the State's Cap and Trade
20 funds that provides us with a long-term funding source,
21 and I think this is particularly telling in light of the
22 comparison of what's happening in Washington, DC, where
23 the Congress has struggled to extend the Highway Trust
24 Fund. And so as we sit here today, the California High
25 Speed Rail Authority may have one of the more stable

1 transportation funding sources of any transportation
2 project in the country. Our CEO, Jeff Morales, who was
3 instrumental in working with the legislature on the
4 development of the Cap and Trade proposal, he is going
5 to talk to us more about that and what the implications
6 are for the program as we go forward. I think if you
7 look at today's agenda -- today's agenda, which was
8 created not with this purpose in mind but just because
9 of the business before us -- really, kind of,
10 illustrates the progress that we're making. There will
11 be a discussion about the Cap and Trade program from
12 Mr. Morales. We will consider the award of the
13 construction management contract to oversee the
14 construction that is already underway in the Central
15 Valley. We will be considering the award of financial
16 advisory contract as we move into the phase of this
17 project that really looks at the long-term financing and
18 different options that we have to accelerate the
19 project. We will be considering, and I believe
20 adopting, a charter for our audit functions showing,
21 again, that even though most of the public discourse is
22 about the building of the project, those of us up here
23 take very seriously the governance and oversight role
24 that we have put into play. And we will be considering
25 how we meet our obligations under the Williamson Act,

1 which is one of many, many, many Federal, State, or
2 local statutes that we have to have in mind and with
3 which we must comply.

4 So we continue to make progress. I think this
5 meeting is going to be all about the project, and having
6 said that, I'm pleased to announce that this morning we
7 got another piece of positive news, which is that I was
8 just informed before the meeting that the Surface
9 Transportation Board has now given us the approval to
10 construct the Fresno to Bakersfield section of the
11 high-speed rail line. That's a necessary approval that
12 we have now that the STB has taken jurisdiction of the
13 project. I want to thank our staff.

14 MAN IN AUDIENCE: Hallelujah.

15 CHAIRMAN RICHARD: We'll say, "Sure." And I
16 want to thank our staff, in particularly both Mr.
17 Morales and also Mr. Fellenz and the legal staff, which
18 worked to prepare that document. So all of that looks
19 like progress to us, but, you know, we, we are keeping
20 our focus on moving forward through both the positive
21 and more difficult times.

22 So I just wanted to frame the issues for that,
23 and with that, we will move into public comment period,
24 where I am immediately faced with a major protocol
25 problem because I have -- as we always do ask our

1 elected officials, people who are elected to represent
2 the public, speak first, and I have to decide whether to
3 first call on Supervisor Henry Perea or Assembly Member
4 Henry T. Perea.

5 Knowing what a proud father Supervisor Perea is,
6 we're going to welcome Assembly Member Henry T. Perea to
7 the podium.

8 And thank you, Assembly Member, for taking time
9 out of a very busy legislative calendar to come see us
10 today.

11 MR. PEREA: Thank you, Chairman Richard, and
12 members of the board. I thank you for taking me first.
13 I also have a vote on that budget, too, every year.
14 So -- just wanted to take the opportunity, I want to
15 thank the Board for the opportunity, for addressing me
16 here today. I think this is my first time I have come
17 before your board, but don't take that as a lack of
18 interest in the project. I have certainly been a
19 strong, very local public supporter. Going back to my
20 days on the Fresno City Council, I certainly have cast
21 positive votes in the -- in the right direction to
22 continue to support moving forward high-speed rail. And
23 I do so because I believe that high-speed rail is not
24 only going to be critical in the short-term in providing
25 so many good prevailing wage jobs in our community, but

1 we also know that for the long-term connection of
2 Central California to major markets and southern and
3 northern California is critical to changing the economic
4 landscape for us in the Valley. And so because of those
5 reasons, I'm very supportive of the project.

6 But I'm here today because of the action that was
7 taken by three members of the Fresno County Board of
8 Supervisors to rescind their support for the project. I
9 just wanted to come here and make it clear that there's
10 still a lot of support in Fresno County and in the
11 Central Valley for this project. And I believe that
12 each one of you has a letter that we put together that
13 was signed by thirty organizations, non-profits,
14 business groups, labor unions, elected officials, and I
15 might add a bipartisan letter coming out of the Central
16 Valley, and these groups that continue to express our
17 strong support for this project, and so while,
18 certainly, we were very disappointed with the action
19 that the County took -- in fact, I won't even give
20 credit to the County. I'll say the action that three
21 members of the County board took, there's still
22 overwhelming political support for this project in our
23 area.

24 And so, Mr. Chairman, and members of the board, I
25 just wanted to take a moment to let you know that you

1 still have a lot of people in the Central Valley that
2 are fighting the good fight every single day at the
3 grassroots level, trying to provide the space that you
4 need to get this job done. And so we're very supportive
5 and just want to let you know that if there's anything
6 that I can do out of my office or anything that we can
7 do in Fresno to help organize even more support as we
8 continue to move forward on this project, please don't
9 hesitate to call.

10 Thank you very much for the opportunity, and I
11 look forward to working with this board to get this
12 project done. Thank you.

13 CHAIRMAN RICHARD: Assembly Member, thank
14 you. We appreciate your appearance here this morning
15 and your comments.

16 We will turn next to Supervisor Henry Perea.

17 Supervisor, it's always good to see you. Thank
18 you for being here.

19 MR. PEREA: Same here. As you can see, at
20 some point in our lives, the students become the
21 teacher, and he's a tough act to follow. But I'm proud
22 to be here today with you all and talk about Fresno
23 Works. We have been here for three, four years now
24 talking about how high-speed rail is important and
25 Fresno Works has had support for this project and

1 continues to have for this project and will until we
2 start turning that dirt and ride the first train. And
3 the significance from Fresno Works from day one is that
4 Fresno Works is a group of folks in Fresno County both
5 education, political leaders, business leaders,
6 community folks, who are interested and want high-speed
7 rail for all the reasons that the assemblyman just
8 indicated. So it's bigger and it's greater than any one
9 political body or any one small group of people. And I
10 think Governor Brown said it best, there will always be
11 decline-ists in every major infrastructure project that
12 occurs within this country, but they don't prevail.
13 Those that prevail are those that see and want and
14 support progress.

15 You know, I know it's been mentioned already
16 about my board taking a different position, and I
17 certainly respect my board. I respect any political
18 body that takes a position, but I think the only nuance
19 that I see to it is that it was a political decision
20 based on other things happening other than what was
21 doing what was right or best for Fresno County and the
22 residents it serves. And I think that's evident by the
23 fact and the groundswell after that vote of people that
24 were outraged about that decision. When you look at a
25 county that has double-digit employment, some areas of

1 our county that have -- approaching thirty percent, if
2 not higher with this drought that is now just gripping
3 our region. You know, to take such position in the
4 short-term, decline the jobs and the opportunities that,
5 that will bring in the long-term to connect us, like the
6 assemblymen said, to the northern and southern part of
7 the state, to give us the opportunity to have an
8 economic game changer and change the way we live, work
9 in our community was telling.

10 But like in politics, some people play checkers
11 and others play chess. We play chess. We understand
12 that the possibility of this happening was always there,
13 because we know things happen. That is why in 2011, we
14 made the tactical decision of shifting, really, the flag
15 of high-speed rail and support to our council of
16 government in Fresno County, which is where it more
17 appropriately rests. It represents the fifteen cities
18 of our community that have past the resolution and
19 support high-speed rail. They stand behind it, and they
20 stood behind it by putting \$20 million on the table in
21 our competition for the maintenance facility.

22 So I'll just leave you with that, and just one
23 last comment. I know over the years, we have all said
24 that progress with positive decision making, it seems
25 the opposition gets louder, and that's usually the way

1 it works, because they get scared. They don't want to
2 see progress. They don't want to see good things
3 happen, but that's good. Because it just means good
4 things are happening. We're getting closer to the
5 project. And I just leave you with, you have your
6 support in Fresno County. We have a bus that was put
7 together in just a couple of days, and they're here
8 today to speak to tell you that support for the silent
9 majority in the Valley and Fresno County. And we just
10 ask that you move as quickly as you can and continue to
11 make positive decisions and to make your selection of a
12 maintenance facility sooner rather than later. It's
13 critical in this time. Thank you.

14 CHAIRMAN RICHARD: Thank you very much,
15 Supervisor.

16 Next, we'll hear from Danielle Bergstrom
17 representing the Mayor of Fresno followed by Eric Payne.

18 MS. BERGSTROM: Thank you, Chairman Richard,
19 and thank you, Board, for having us here today. I am
20 Danielle Bergstrom. I am the Government Affairs Manager
21 for Mayor Ashley Swearengin in Fresno, and I am here to
22 reiterate what has already been said from Supervisor
23 Perea, from Assembly Member Perea, just to reiterate the
24 support of the Mayor for the project both for the
25 high-speed rail project as well as the potential site of

1 heavy maintenance facility here in Fresno.

2 The mayor still sees a lot of the benefits for
3 Fresno as California is in the midst of an economic
4 recovery. We still have double-digit unemployment in
5 Fresno, and we think high-speed rail is the way to
6 really move us beyond that double-digit unemployment to
7 address our air quality issues and to really connect us
8 to the rest of California and make sure that we're part
9 of the economic recovery in the state. So please
10 continue to count on the support of the mayor for this.
11 Thank you.

12 CHAIRMAN RICHARD: Thank you very much.

13 Eric Payne.

14 MR. PAYNE: Good evening. I stand before
15 you as one of the youngest elected officials in the
16 country and the youngest elected community college
17 trustee in the State of California. I'd like to affirm
18 my support for the California high-speed rail project.
19 Recent discussions suggest that it's not a worthy
20 investment. The urgency for this project in our region
21 couldn't come soon enough in the Central Valley, where
22 unemployment averages are more than 15 percent, more
23 than 40 percent in some of our cities. The high-speed
24 rail will bring jobs. Fresno County voters have spoken
25 on the 2008 high-speed rail bond with 712 precincts

1 reporting with 55.4 percent of the vote, Fresno County
2 voters said, "yes." It is the Authority's commitment --
3 I ask that you do what is right and don't let a few bad
4 apples spoil the bunch. The train has already left the
5 station, and the few job killers left on the track need
6 to move.

7 CHAIRMAN RICHARD: Thank you, sir.

8 Tony Boren, the executive director of the Fresno
9 Council of Governments.

10 MR. BOREN: Good morning. Tony Boring,
11 executive director of Fresno COG. Just wanted to say
12 for the record that the Fresno COG remains fully
13 supportive of high-speed rail and also wanted to state
14 again for the record that Fresno COG's commitment to use
15 \$25 million in our local Measure C sales tax dollars is
16 still there on the table. We're still firmly behind all
17 that. We firmly believe that high-speed rail and heavy
18 maintenance -- excuse me -- heavy maintenance facility.

19 And then lastly, obviously, the sooner the
20 selection is made for the heavy maintenance facility, it
21 will allow us to move forward with the predevelopment
22 process associated with the maintenance facility. So I
23 just want to get on the record with that. Thank you.

24 CHAIRMAN RICHARD: Thank you, sir.

25 I believe that's the last card I have from an

1 elected official or someone representing a body of
2 government. As we go through, if I find that's not the
3 case, I'll apologize. We'll now go through the rest of
4 the public comments in the order in which they were
5 received. First will be Mr. Dan Dolan, Mike Liikala,
6 and then Diana LaCome.

7 MR. DOLAN: Hi, my name is Dan Dolan.
8 Today, I am, kind of, given a prophetic voice to the
9 Californian taxpayers no longer serving in myself
10 interest. I wanted to speak at the audit committee, to
11 Mr. Rossi particularly. I have seen the audit division
12 charter, and I don't see the word "budget" anywhere in
13 there. I am concerned that there might be a little
14 smoke and mirrors going on since the first 22 miles
15 followed by the next 120 miles are the most important
16 part of this project. And I hope it doesn't cost \$6.2
17 billion to build 120 miles, but at the rate you guys are
18 going, that's what's going to happen.

19 You continue to build at the bookends, talk about
20 the plans from Palmdale to Los Angeles. The reality is
21 you need to start getting the thing built. Eight years,
22 nothing's been built. There's some bar tore down in
23 Fresno, perhaps related. And the other thing is a
24 billion dollars in consultant fees have either been
25 committed or spent. There should be an accounting as

1 to -- not who you spent but how much you have spent
2 to-date from 2006. And if this audience of self-serving
3 public people from Fresno and other places knew how much
4 you have spent for nothing to show for it but a bunch of
5 planning, they would be appalled. And it's the audit
6 committee's job to admit to the public and to the
7 newspapers just how much is being spent, has been spent.
8 You got in trouble a couple years ago when somebody
9 said, "Oh, you've spent three, four hundred million
10 dollars." Well, that number has doubled or tripled by
11 now.

12 CHAIRMAN RICHARD: Thank you, Mr. Dolan. I
13 think our CEO will be giving us a report on progress
14 later today.

15 Michael Liikala followed by Diana LaCome and
16 followed by Paul Guerrero.

17 MR. LIIKALA: Thank you, Mr. Chairman. I am
18 Michael Liikala, president of Solutions International, a
19 firm that works with many of the US and international
20 construction and engineering companies involved in
21 high-speed rail and in construction projects around the
22 world. I know you have read many of the letters that
23 were sent to the Authority recently, some from our
24 clients, confirming their interest in participating in
25 the southern California projects that you will discuss

1 today. These firms are now closely watching the
2 developments in California high-speed rail. They
3 believe that this shift to southern California and the
4 addition of a long-term, stable commitment of Cap and
5 Trade funds is a real game changer that will
6 dramatically improve the outlook for high-speed rail in
7 California and nationwide. It will greatly improve the
8 transportation corridors in southern California, inspire
9 private investment projects, sharply reduce travel times
10 for millions of people in the LA area, and dramatically
11 cut back on emissions.

12 Extending your projects into southern California,
13 where we expect very high ridership and a series of
14 complex projects, is ideal for private investment via
15 public/private partnerships, and with it, you will
16 attract the expertise in these kinds of projects found
17 around the world. I can tell you that some of these
18 firms are already in conversations with potential US
19 partners, engineering firms, and labor unions about
20 their interest in partnering on these projects. I think
21 that if your Burbank to Palmdale projects goes forward
22 and you clarify the schedule for projects that will
23 extend the high-speed rail to Los Angeles and Anaheim
24 and also offer a connection to Las Vegas, they would
25 aggressively compete to help build and finance these

1 projects in California. The result would be a reduced
2 lifecycle cost, expedited projects, and billions of
3 dollars in private investment and financing, which could
4 help complete these projects and create tens of
5 thousands of jobs for US workers.

6 I encourage you to move forward and establish a
7 schedule for these projects and invite the industry in
8 from around the world to discuss what role they can play
9 in bringing high-speed rail to California's congested
10 urban corridors more quickly. Thank you.

11 CHAIRMAN RICHARD: Thank you, Mr. Liikala.

12 Diana LaCome followed by Paul Guerrero followed
13 by Robert Allen.

14 Good morning, Ms. LaCome.

15 MS. LACOME: Good morning, Chairman Richard,
16 CEO Morales, and members of the board. I'm Diana LaCome
17 representing APAC. I have spoken to this board several
18 times about the small business certification that the
19 Authority needs to set up, and I guess I haven't made
20 myself too clear on that.

21 But in the February 2011 -- the Code of Federal
22 Regulation, it's stated that new -- that all recipients
23 of Federal Funds now have to have a small business
24 program. Now, a lot of people think that it's just
25 setting up a small business program, but you cannot use

1 the State certification. It's got a different level of
2 gross receipts and so on. So it is important that this
3 agency set aside -- actually set up a certification
4 program for this. Of importance to small businesses is
5 the fact that you can do set-asides. Now, with the
6 bundling of CP-2 and 3, you can actually take money
7 aside and set it aside for small businesses. That's
8 very important. I have handed out to -- I have sent all
9 of you an electronic version of the BART certification
10 application, and it says, "SBE" but don't be fooled.
11 This is Small Business Entity not Small Business
12 Enterprises. This is certification that -- you can
13 actually model it. People -- small businesses who are
14 DBE or Disadvantaged Business Enterprises can qualify
15 for this program because it's the same gross income for
16 the businesses, so you can use it. But for small
17 businesses that are not ethnic minorities or women, you
18 need to set aside this type of a process.

19 So I would recommend that you look at everything
20 that I have handed you out today and really consider
21 moving on this.

22 The second thing I wanted to bring to your
23 attention is that last week, Senator DeSaulnier -- I'm
24 not sure that I pronounced that correctly -- held a
25 hearing. He is the chair of the Transportation

1 Committee, and he held a hearing on the Bay Bridge, and
2 some of the findings were absolutely shocking to be
3 perfectly honest. But one of the recommendations was
4 that all State agencies, specifically, the Authority,
5 take a look at the lessons learned, so you don't repeat,
6 you know, the mistakes that Caltrans did on the Bay
7 Bridge.

8 And with that, that's pretty much it for this
9 time. Thank you very much.

10 CHAIRMAN RICHARD: Thank you, Ms. LaCome.

11 Mr. Guerrero, good morning.

12 MR. GUERRERO: Good morning, Good morning,
13 good morning. You should have a copy of this magazine
14 up there, and it's just for information only. On page
15 26, it warrants the efforts of one of your workers,
16 Diana Gomez, and so forth. There's an article about
17 her. They're up there for your perusal at a later time.

18 CHAIRMAN RICHARD: We're just really getting
19 tired of people saying good things about Diana Gomez --
20 all the time.

21 MR. GUERRERO: And the other thing I wanted
22 to talk about was before I had talked to you about
23 prompt pay, and I was talking about prompt pay at all
24 tiers, because we got -- the small businesses are going
25 to be at the fourth or fifth tier or maybe the eighth or

1 ninth tier of the project, and we should be timely paid.
2 And I recommended you look at BART, and I understand
3 that your staff couldn't find anything. BART was built
4 so long ago they can't find those records, but there's
5 another source, and I want to give it to you. And you
6 should have this little handout up there, and this was
7 at the last small business advisory council for the
8 high-speed rail. And Mr. Young from Tutor Perini spoke,
9 and he indicated that they have a method to ensure that
10 subs are timely paid and that was -- would be all tiers.
11 He also -- it's not in these minutes -- but he also said
12 that they have a setup to give loans to subs if the sub
13 is in trouble and comes and asks. And I would recommend
14 that your staff look at that, and if it's a real good
15 program that they have, adopt that for other contractors
16 down the line so that the subs are paid. We got to get
17 these subs paid in a timely manner.

18 And then lastly, I wanted to alert you to --
19 there's a thing called Senate Bill 854 that just came
20 out, and it will affect the way that you bid projects in
21 the future, and it will affect the way that other
22 agencies bid. This bill is in effect now, but it will
23 not be operational until next year. But I recommend
24 that you start looking at it now, because it's so long
25 that it will take you until next year to read it. And I

1 would also urge you to tell your staff, whoever prints
2 it out for you, to put a ream of paper in the copy
3 machine before they push the "print" button. But the
4 main thing that it will do, it will set up a pool of
5 contractors that have to register with the Department of
6 Industrial Relations. This is where it will affect you,
7 and you can only accept bids from that pool. And all
8 subs that are listed have to come from that pool, and
9 they're starting the registration now, but it will not
10 be operational until April 1st of next year, and any bid
11 taken after April 1st next year, you'll have to go to
12 that pool to get bidders or subs. So take a look at it.
13 There's a lot more to it than that, but that will be the
14 main effect on you.

15 CHAIRMAN RICHARD: Thank you.

16 MR. GUERRERO: Thank you.

17 CHAIRMAN RICHARD: Let me just say, as our
18 next speaker comes up -- Mr. Allen, it's your turn --
19 but we appreciate the continued focus on payment to
20 small business contractors. It's something this board
21 takes very seriously, and I was quite pleased the other
22 day in a meeting with CEO Morales and our CFO, Russ
23 Fong, to see that it looks like this problem has really
24 been put behind us at least for now. And so they
25 have been -- there's been tremendous progress on this.

1 I commend Mr. Fong, Mr. Morales, and staff, all the
2 people who worked on it because it's very important and
3 we had a very nice letter sent by one of the small
4 business contractors congratulating us on that progress.
5 So we'll keep on that.

6 MR. GUERRERO: Very good. Thank you.

7 CHAIRMAN RICHARD: Bob, I'm sorry to have
8 delayed you. Robert Allen Followed by LeeAnn Eager.

9 MR. ALLEN: I would like to voice my plea
10 again for the high-speed rail to be safe and reliable as
11 the voters requested in the ballot measure. High-speed
12 rail has -- there should be no grade crossings for
13 vehicles. There should be no -- it should be fenced so
14 that we do not have people close to the track way. The
15 high-speed rail could -- I give you a little picture of
16 a derailment. Amtrak derailed in Illinois. It was
17 strictly a heavy loaded truck at a grade crossing.
18 Happened on a 79-mile-an-hour track, the same as
19 Caltrain is now. I urge you as a matter of policy to
20 declare that the high-speed rail will not have grade
21 crossings for vehicles, that it will be fenced against
22 pedestrians, against individuals, and that is a plea
23 which I repeat for the time being that the high-speed
24 rail to the Bay Area terminate at San Jose with
25 convenient transfers there to Caltrain, Capitol

1 Corridor, VTA rail, and to BART. Thank you.

2 CHAIRMAN RICHARD: Thank you, Mr. Allen.

3 LeeAnn Eager followed by Mr. Jack Emerian

4 followed by Bianca Rodriguez.

5 MS. EAGER: Good morning. I'm LeeAnn Eager.

6 I'm here this morning representing Fresno Works, and as
7 Supervisor Perea said, it was a coalition of folks that
8 got together, it was actually five and a half years ago,
9 to respond to the RFP for the maintenance facility. And
10 it was a brilliant response, if we do say so ourselves,
11 but after we turned that in, we realized that the
12 high-speed rail was something more than just the
13 maintenance facility. We started looking at what would
14 this mean in Fresno County. And for us, Fresno County
15 has high unemployment, has high poverty for such a long
16 time that this could really change it for us, all of us.
17 So we put an education committee together. They were
18 able to get curriculum from around the world for jobs to
19 work on the maintenance facility and also the high-speed
20 rail in general. But then we started looking at the
21 bigger picture, and high-speed rail for Fresno County
22 would be the biggest economic development project in our
23 lifetime. And so we looked at, well, how do we get
24 businesses there and how does this connect to the rest
25 of the state, and we realized that we need to do more

1 than just look at that maintenance facility. So Fresno
2 Works stated facts. I brought fifty of my favorite
3 friend here today to talk to you about the importance of
4 this for Fresno County and really for the Valley in
5 general not just for jobs but really for that
6 conductivity across the state.

7 And so we just wanted to thank you, and for those
8 of us who live and work out of the tumbleweeds, we
9 appreciate all the work that you do for us, and we do
10 this together. I specifically said "for us" and not "to
11 us" because this really is a partnership to make sure
12 this happens for all of us. Thank you.

13 CHAIRMAN RICHARD: Thank you Ms. Eager.

14 Jack Emerian followed by Bianca Rodriguez.

15 MR. EMERIAN: Good morning.

16 CHAIRMAN RICHARD: Good morning, sir.

17 MR. EMERIAN: We are in Sacramento, right?

18 CHAIRMAN RICHARD: Yes, sir.

19 MR. EMERIAN: Okay. Good. My name is Jack
20 Emerian. I will read from my prepared statement because
21 I don't have the ability to memorize thirty minutes -- but
22 I've condensed it.

23 Okay. I am a lifelong resident of Fresno and a
24 business owner for the past 47 years. My business is
25 located near downtown Fresno, and three of my properties

1 are being directly affected by the high-speed rail
2 project. Although I have mixed feelings about the loss
3 of my properties as they are occupied by tenants that
4 will be required to relocate, I'm an avid supporter of
5 this high-speed rail project. I am very disappointed in
6 the decision of the Fresno County Board of Supervisors
7 who withdraw their support of this important project.
8 Although I have witnessed some skepticism from friends
9 and colleagues about the ultimate completion of this
10 project, let me assure you that most of those I speak to
11 understand the need and importance of building a
12 high-speed rail network to alleviate the congestion and
13 pollution throughout California.

14 Perhaps it would be helpful to put some
15 historical perspective to the vote by our three
16 supervisors. Unfortunately, we have witnessed a
17 consistent record of turning away -- important projects
18 away from our county due to the lack of vision and
19 leadership. I cite to you two very significant
20 projects, UC Merced that went to Merced County and
21 Valley General Hospital that went to Madera County. Our
22 leaders were very remiss in aggressively pursuing these
23 projects, and they ended up going elsewhere. What a
24 lost opportunity. The only explanation that is
25 conceivable for our supervisors to withdraw support is

1 the influence of powerful ag interests. Two of the
2 supervisors that voted to withdraw supports are directly
3 involved with ag and are aligned with very powerful ag
4 groups in the Valley. What other explanation can there
5 be as this project gathers financial support from the
6 City or the County. I hope this lack of vision by our
7 Board of Supervisors will not deter you in any way of
8 your consideration of Fresno for the maintenance service
9 center. Our state desperately needs this high-speed
10 rail project, and Fresno desperately needs a shot in the
11 arm to bring about some economic revival.

12 In closing, let me remind you that the 1920s when
13 the proposal to build a Golden State Bridge was debated,
14 there were in excess of one thousand lawsuits opposed to
15 what is now considered one of the most iconic structures
16 in the world. I doubt you could find one person that
17 would agree that building that bridge was a foolish
18 mistake. Please, as you move forward in your decision,
19 understand our history -- that history is on your side
20 and there are thousands of Fresno residents that support
21 this project and realize the significant impact this
22 project will have on our economy -- in making Fresno, of
23 course, the hub of California. The voice of reason and
24 progress must prevail. And I thank you for your time
25 today and hope you will consider some of those thoughts.

1 Thank you.

2 CHAIRMAN RICHARD: Thank you very much, sir.

3 Bianca Rodriguez followed by Jose Leon.

4 MS. RODRIGUEZ: Good morning, board members.

5 My name is Bianca Rodriguez. As many of you know, I'm
6 currently a student at Fresno State. I'm in the civil
7 engineering program and also the organizer for the "I
8 will ride" group in Fresno. I'd like to begin by
9 thanking you for your persistency and continuous efforts
10 to move forward with the project in Fresno. Over the
11 past year, the Wong Harris oversight team for the
12 Authority has hired two project interns directly from
13 Fresno State. Just recently, the Authority announced
14 they would be hiring two additional student assistants
15 for the Fresno field office. Last week, my sister
16 called to inform me that my brother-in-law would soon
17 begin training with the building and trades union in
18 preparation for construction of the high-speed rail.

19 Just on the drive up here this morning, my
20 classmates and I brainstormed on perspective high-speed
21 rail projects for our senior design course and
22 engineering competition. The benefits are obvious.
23 It's for this reason that I'm here today along with
24 seven other students and 33 Fresno County residents to
25 express my support. My request is that the Board

1 continue to push forward, plan, design, and build the
2 maintenance facility in Fresno. The positive impact it
3 will have on our economy and community will be
4 tremendous. Thank you.

5 CHAIRMAN RICHARD: Thank you, Ms. Rodriguez.

6 Mr. Barraza followed by John Leal.

7 MR. BARRAZA: Jose Leon Barraza. I'm the
8 former director of economic development for the county
9 of Fresno, and having this opportunity to come to
10 Sacramento from Fresno, I really wanted to take
11 advantage of it because Fresno ranks number one in
12 poverty in the state, number two in the nation. This is
13 an excellent opportunity to improve economic conditions
14 in the communities. After I retired from the county, I
15 have been very involved with nonprofit organizations,
16 serving, being out there in the trenches. Our
17 organization is working closely with other entities,
18 preparing the workforce, getting ready so that this
19 opportunity translates in better pay for members of our
20 community. A lot of people that are maybe now on public
21 assistance will end up having a real job, a higher
22 paying job, and we're partnering with a lot of entities
23 to do that. I also have heard from small businesses
24 that are connecting. They have been certified. I want
25 to thank the staff of the high-speed rail because they

1 actually have come to our meetings and made
2 presentations to the community to share the information
3 on the status of the project, what's happening with the
4 project, the opportunities that are coming up. So we
5 really believe that this is the project of the century,
6 and you can actually make a career as an engineer or as
7 a maintenance person working for this very important
8 project. A part of that group that came from Fresno --
9 and I urge you to continue to support despite all the
10 adversity that you have encountered. Thank you very
11 much for continuing very strong in support of this very
12 important project.

13 CHAIRMAN RICHARD: Thank you, Mr. Barraza.

14 John Leal followed by Joel Saldana, Jr.

15 MR. LEAL: Good morning, Chairman, and
16 fellow board members. I'm John Leal, trustee with the
17 State Center Community College district. I am part of
18 the Fresno group here today to voice our support for
19 your continued efforts to build the high-speed rail.

20 For all the reasons already outlined by my fellow
21 trustee, Mr. Eric Payne, I look forward to a partnership
22 between our community college district and the High
23 Speed Rail Authority with testing and training for the
24 workforce that will be necessary to build a high-speed
25 rail and the maintenance yard hub in the Central San

1 Joaquin Valley. And for that, I thank you for your
2 continued efforts. Thank you.

3 CHAIRMAN RICHARD: Thank you, Mr. Leal, and
4 my apologies for not including you with the public
5 officials before.

6 Mr. Morales just gave me a very good suggestion,
7 which is all the remaining cards I have are white, which
8 I believe indicates that they're all from the group of
9 the folks from Fresno. So I think to make this a little
10 more efficient, could I just ask that all of you who
11 have filled out these cards, why don't you just line up
12 so that you can just speak one after another. Just
13 announce yourself as you come up. I'll find your card
14 and pull it out. And I think that way, we'll be able to
15 move through this with less disruption.

16 So, Mr. Saldana, we'll start with you, but
17 anybody else from the Fresno group who filled out a card
18 and who wishes to speak, why don't you just start to
19 come line up and then announce yourself.

20 Good morning, sir.

21 MR. SALDANA: Good morning, Chairman, to the
22 Board, and CEO, Mr. Morales. I want to thank you for
23 the work that the Authority has done and is continuing
24 to do to bringing high-speed rail to California. My
25 name is Joel Saldana. I work in community engagement at

1 the Fresno Economic Opportunities Commission, and both
2 Fresno EOC and myself support high-speed rail not only
3 for it to come to California but also in coming through
4 the Valley.

5 Mr. Chairman, in my short life I have learned a
6 few lessons, and one of those lessons is that recent
7 news headlines rarely outlive history, and so I'm asking
8 you and the Board to not be discouraged by recent news
9 headlines that are coming out of Fresno. You know, our
10 leaders will make decisions and that will be that, but
11 we want you to remain encouraged. High-speed rail is
12 going be a game changer for our Valley, for our state,
13 and for our nation. And we think that by coming here
14 today and by sharing our comments with you, we hope that
15 you take those comments and continue to work to bring
16 high-speed rail, again, not just to California but
17 through the Valley.

18 I think that societies are judged by the
19 investments that they make in their people, investments
20 in water, investments in health care, investments in the
21 most -- the people that are most disadvantaged in our
22 communities and that also mean investments in our
23 infrastructure and transportation. I want to thank you
24 again for your hard work and reaffirm to you today that
25 Fresno Economic Opportunities Commission and Fresno

1 Works Coalition are here to support the good work you
2 are doing on behalf of Fresno. Thank you.

3 CHAIRMAN RICHARD: Thank you, sir.

4 MR. ORTIZ: Greetings. My name is David
5 Ortiz. And, you know, excuse our tardiness this
6 morning. You know, we had to ride that bus in, and it
7 took a couple of hours. If the high-speed rail would
8 have been in place, you know, we would have been here
9 far beyond the time that you guys started. On the other
10 hand, as a carpenter out of Local Sand Mill One down
11 here in Fresno, I can tell you that we're getting
12 equipped with the training that is necessary for us in
13 order for the bridges to be built that are going to be
14 going over a lot of different not only rivers but also
15 interstates and different areas there where they're
16 needed. And, you know, as a father of five, I
17 undoubtedly believe that this would be the stability
18 that my, my family, personally, is looking for in order
19 for us to, to meet -- just the daily goals of our family
20 of not only staying together but providing the basic
21 needs for our families. And so please continue to
22 persevere in the area of the high-speed rail, because we
23 undoubtedly believe that it will be a major investment
24 of -- not only for you but also for us. Thanks.

25 CHAIRMAN RICHARD: Thank you, Mr. Ortiz.

1 MR. WILLIAMSON: Good morning. My name is
2 Marcus Williamson from Fresno Local Conservation Corps,
3 EOC. This opportunity that I have here will -- that we
4 all have with the high-speed rail, I just think it will
5 be an amazing approach to the future. By being a young
6 adult, not that many opportunities in Fresno,
7 California. I'm 22 years old, and I work for the local
8 conservation corps, which is a reentry program for young
9 adults that can't basically make it on a -- on a real
10 world, like in the real world. And I just feel like the
11 high-speed rail, it will open up doors not only for me
12 but like for people after me like my little brothers
13 that's growing up after me and for them to be able to
14 get on a high-speed rail and come north or south in one
15 hour to Sacramento or LA. I think that will open up a
16 lot of opportunities like for my little brothers, for
17 their friends, my friends, and for other people in the
18 community of Fresno, California. And we really support
19 that all the way.

20 My mom, she was just telling me about it the
21 other day, about the high-speed rail and how I should
22 really get into that. And then the different aspects of
23 the high-speed rail, the train, that we should be able
24 to be a part of it, the engineering part, the actual
25 making of the high-speed rail. And then after the

1 high-speed rail is made, the maintenance that we can do
2 and the different training that it will offer the local
3 conservation corps and the students and the kids in our
4 community. And we support that very much, and hope you
5 move forward on doing that. Thank you.

6 CHAIRMAN RICHARD: Thank you sir.

7 MR. MUNIZ: Good morning. My name is Manuel
8 Muniz. I'm currently a student at Fresno State, and as
9 a future construction manager, I look forward to looking
10 to working on this project and especially look forward
11 to riding it up and down California. Thank you.

12 CHAIRMAN RICHARD: Thank you.

13 MR. HERNANDEZ: Yes. High-speed Rail Board,
14 I want to thank you for putting on this meeting again
15 and also I want to thank --

16 CHAIRMAN RICHARD: Could you introduce
17 yourself, sir. I'm sorry.

18 MR. HERNANDEZ: I'm John Hernandez, former
19 CEO of the Central California Hispanic Chamber of
20 Commerce. I want to thank Mr. Morales for coming on
21 down and also Chairman Richard for speaking at the Board
22 of Supervisors' meeting.

23 Again, as you can see, Fresno County is united to
24 have this project. Please do not let the voices of just
25 a few outweigh the voices of the many here today. The

1 high-speed rail project is the opportunity for not only
2 Central California Fresno but the State of California.
3 We are now competing on the global scale, and we need
4 high-speed rail to be competitive. As our state
5 continues to grow, with population headed toward 50
6 million by the mid -- by 2050, it's important that we
7 have an efficient, safe, and low pollution type of way
8 to move people around this state. When you look at the
9 cost of highways, roads, bridges and also airports, it's
10 apparent that the value of high-speed rail is here, and
11 we want to make sure that small businesses also get the
12 chance, and I want to thank you for having this small
13 business certification guide, and I'll give it to this
14 lady here so that she can get that great information.
15 The work that Diane Gomez has done, LeeAnn Eager,
16 Supervisor Perea and others is very, very important in
17 the Valley. And we want you to know that we want that
18 maintenance facility in Fresno County. Thank you.

19 CHAIRMAN RICHARD: Thank you, Mr. Hernandez.

20 MR. EVAN: Michael Evan. I'm the Chair of
21 the Fresno County Democratic party, and I just want to
22 reiterate that Fresno Country Democrats are strong,
23 enthusiastic supporters of high-speed rail in
24 particularly coming through the Central Valley. Thank
25 you.

1 CHAIRMAN RICHARD: Thank you, sir.

2 MR. VALLEJOS: Good morning. I'm Mathew
3 Vallejos, assistant engineer of Precision Civil
4 Engineering in Fresno, and I'm honored to be working on
5 this project. Thank you.

6 CHAIRMAN RICHARD: Thank you.

7 MR. SAMORA: Good morning. My name is
8 Anthony Samora. I'm with the "I will ride" group, and
9 I'm here to voice my support for the high-speed rail.
10 Thank you.

11 MR. HOLPER: Good morning. I'm Jeremy
12 Holper. I'm the development manager at Fresno Community
13 Development Financial Institution, we're a subsidiary of
14 EOC. And we have helped finance businesses that are
15 moving, relocating due to the high-speed rail up and
16 down the Valley, as well as we have -- you know,
17 financing companies that are working on the project.
18 And I just wanted to voice my support for both the
19 high-speed rail. We're looking forward to financing
20 many more companies that are involved with this over the
21 years but also for the maintenance facility being
22 located in Fresno. We have a good, good location,
23 central location, and we look forward to that happening.
24 Thank you very much.

25 CHAIRMAN RICHARD: Thank you.

1 MR. LEDEZMA: Hey, good morning. Lorenzo
2 Ledezma from Local 701. I just wanted to say, I support
3 the high-speed rail.

4 CHAIRMAN RICHARD: Thank you, sir.

5 MS. ROBLES: Hi, good morning. I'm
6 Catherine Robles. I'm a small business owner of a real
7 estate company in Fresno also the chapter president of
8 the National Association of Hispanic Real Estate
9 Professionals and a commissioner board member of Fresno
10 EOC. Just like you to know that I do support the
11 high-speed rail. Thank you.

12 CHAIRMAN RICHARD: Thank you.

13 MR. TURNER: Good morning, Board. My name
14 is Patrick Turner. I'm a resident of Fresno County.
15 I'm also the assistant director for the employment and
16 training department of Fresno County EOC. Just wanted
17 to make sure you all know that we support the efforts
18 you are doing. It will provide jobs that are greatly
19 needed in our area and please continue the effort.
20 Thank you.

21 MS. GONZALES: Hi, my name is Danielle
22 Gonzales. I'm a new member of the Carpenters 701, and I
23 just wanted to say that I support the high-speed rail.
24 Thank you.

25 MS. OJEDA: Hi my name is Jocelyn. I'm the

1 assistant of Catherine Robles for Robles Realty. I'm an
2 intern. Ever since I started being an intern, like, I
3 have been looking at a lot -- looking for a lot of
4 chances, looking to help people who are just getting
5 together and communicating and trying to get something
6 done for Fresno like to have a good environment and for
7 people to feel safe for the high-speed rail. So I --
8 I'm here to support. Thank you.

9 CHAIRMAN RICHARD: Thank you very much.

10 MR. DUNKEL: Mr. Chairman and members of the
11 board, thank you very much. My name is Ed Dunkel, and
12 I'm the president of Precision Civil Engineering. I'm a
13 proud member of Fresno Works, and I would also like to
14 say that I'm one of those self-serving individuals that
15 is very proud and -- be part of this project. And what
16 I'd like to say is that my firm is a certified small
17 business, and we have been able to add six positions
18 that we would not have been able to add if it had not
19 been for this project. And two of those, you got to
20 hear from here just a few seconds ago. Fine individuals
21 that we were able to employ.

22 I'd also like to say that we have a number others
23 that we will be able to employ if we can get people to
24 quite suing this project and get this thing moving.
25 We're waiting on projects and items to get going.

1 But it's a proud -- I'm a proud individual to sit
2 here before you and I want to thank you for all that you
3 have done. My hat is in my hand. I much appreciate the
4 hard work you have put in that has helped small
5 businesses like mine. 2008 was a killer year for my
6 firm and my industry, and this has brought hope back. I
7 see energy in my business. We have been able to bring
8 individuals on board, and it's a game changer for our
9 area, and it would not have happened without your
10 efforts. I want to thank you very much.

11 And I also want to commend you on the payment
12 process which has improved tremendously. It's much more
13 fluid and timely, and it's much appreciated.

14 CHAIRMAN RICHARD: It's nice to see you
15 again. We met in Fresno about a year ago, so thank you
16 for coming.

17 MR. PLACHTA: Good morning. My name is Walt
18 Plachta with CEI Engineering in Fresno. I'm also on the
19 board of the local Chamber of Commerce, and I just
20 wanted to voice my support as well. I'm also our past
21 president of our local ACEC chapter American Consul
22 Engineering Company. And just to, kind of, echo what Ed
23 had to say, the impact on our industry at the local area
24 can be -- can be -- can be seen in our ACEC chapter.
25 About two years ago, we were 25 member firms and

1 representing about 300 individuals. And now we're at
2 37, soon to be 38 firms, representing six to seven
3 hundred people that work in the Fresno area. So it
4 definitely has had a positive impact on our industry and
5 the local area, and again, I just wanted to voice my
6 support for the project. Thank you.

7 CHAIRMAN RICHARD: Thank you.

8 MS. ZARAGOZA: Good morning. I'm Jessika
9 Zaragoza. I'm a resident of Fresno County, and I just
10 want to voice my support for the project.

11 CHAIRMAN RICHARD: Thank you.

12 MR. ZAVALA: Good morning. My name is Jorge
13 Zavala. I'm here with high-speed rail -- well, not the
14 high-speed rail. I'm here with "I will ride," and I'm
15 here to say I support the high-speed rail. Thank you.

16 CHAIRMAN RICHARD: Thank you very much.

17 MR. PEREZ: Hi, my name is Javier Perez.
18 I'm a senior at CSU, Fresno. I'm studying civil
19 engineering, and I'm also active supporter for
20 high-speed rail. I'm also with "I will ride." Thank
21 you.

22 MS. XIONG: Good morning. My name is Annie
23 Xiong. I just wanted to show you I support the
24 high-speed rail, and I hope you guys consider Fresno
25 County for the maintenance facility. Thank you.

1 CHAIRMAN RICHARD: Thank you.

2 MR. RIOJAS: Good morning, board. My name
3 is Chuck Riojas. I'm the executive secretary-treasurer
4 of the Fresno, Madera and Tulare, Kings Building Trade
5 Council. I came before this body last year sometime to
6 report out on pre-apprenticeship, and I wanted to just,
7 kind of, update the Board on what we have done so far.
8 We have put two classes together under the build and
9 trades label I guess you could say. So it's a
10 pre-apprenticeship program. We have put 42 through it,
11 though our program. The first cohort was 21 people.
12 One hundred percent employment. Everyone went to work,
13 some on high-speed rail related projects, but the
14 majority on other projects throughout the build and
15 trade. Second cohort we just finished up Friday, six of
16 which have already gone to work on solar projects within
17 the IBEW. So it is because of the support and the
18 foresight of this board that instituted the national
19 targeted hiring policy that allowed us already to make a
20 positive impact in the community when it comes to job
21 placement. So I want to appreciate -- I want to let you
22 know I appreciate the continued support and effort of
23 this body to high-speed rail in our area and also
24 advocate on behalf of the heavy maintenance facility in
25 the Central Valley. Thank you.

1 CHAIRMAN RICHARD: Thank you very much.

2 Are there other speakers this morning? I have no
3 other cards. So -- excuse me. Oh. So I wanted to just
4 say two things as we close the public comment session.
5 Obviously, this morning we had a number of people coming
6 and speaking in support of the project. Obviously, also
7 sitting up here, that's always welcome. We do consider
8 it our responsibility to listen to all public comments.
9 We have a lot of people who similarly on other days come
10 long distances to express concerns about the project or
11 how it may affect them, and we do weigh all those
12 comments in the same way. Having said that, no one can
13 fail to take notice of the fact that, you know, a very
14 large slice of the community of Fresno has come here
15 today, and I just want to say to those of you who made
16 that trek that we appreciate it very much. And I think
17 I speak for all my colleagues in saying that as hard as
18 this work is sometimes seeing young people and the
19 opportunities that this project may create for them is
20 something that really lifts one's spirits quite a bit.
21 So -- and before we close on this, I just wanted to turn
22 to our Vice-Chair, Tom Richards, who is from Fresno and
23 represents that community and see if he has any comments
24 that he wanted to make at this time.

25 MR. RICHARDS: Thank you, Mr. Chair.

1 Certainly, it's rewarding to sit up here and see so many
2 of my fellow residents from Fresno County here. I think
3 that although it was a difficult time a week before last
4 and a great deal of effort on behalf of our long-time
5 supporter Supervisor Perea, the action of the board
6 certainly felt badly that day for all of us who were
7 there, but I think that what happens here is that by
8 looking at so many of you who took the time to come up
9 as the Chair just said, it's very much appreciated. And
10 I see Frank Oliveira out here today.

11 I think it's the first time, Frank, I have been
12 at a meeting that you haven't spoken.

13 But I think it's fair to say that we listen to
14 you equally as much as we listen to those people who
15 came here in support today. We value your criticism and
16 your opinions just as much. We happen to think, up
17 here, that we're doing the right thing for the
18 taxpayers, for the voters, and for the State of
19 California. And it certainly is rewarding for me as a
20 resident of the Valley to have all of you who took the
21 drive up here to speak in favor today. I thank you very
22 much. I know it's not an easy thing to do, but as the
23 Chairman said, it's very much appreciated. Thank you.

24 CHAIRMAN RICHARD: Thank you. Okay. With
25 that, we will turn to the rest of our agenda, and the

1 first item, as always, is the approval of the minutes of
2 the last meeting. We actually have two meeting minutes.
3 I think we can confine them, according to our general
4 counsel, for purposes of adoption by this board.

5 So may I have a motion.

6 MR. HARTNETT: I move approval of both.

7 MR. ROSSI: Second.

8 CHAIRMAN RICHARD: It's been moved by
9 Vice-Chair Hartnett. Seconded by Director Rossi.

10 Could the secretary please call the roll.

11 MS. NEIBEL: Ms. Schenk.

12 MS. SCHENK: Yes.

13 MS. NEIBEL: Vice-Chair Richards.

14 MR. RICHARDS: Yes.

15 MS. NEIBEL: Vice-Chair Hartnett.

16 MR. HARTNETT: Yes.

17 MS. NEIBEL: Mr. Rossi.

18 MR. ROSSI: Yes.

19 MS. NEIBEL: Ms. Perez-Estolano.

20 MS. PEREZ-ESTOLANO: Yes.

21 MS. NEIBEL: Mr. Henning.

22 MR. HENNING: Yes.

23 MS. NEIBEL: Mr. Frank.

24 MR. FRANK: Abstain.

25 MS. NEIBEL: MS. Selby.

1 MS. SELBY: Yes.

2 MS. NEIBEL: Chairman Richard.

3 CHAIRMAN RICHARD: Yes.

4 Our CEO, Mr. Morales, just told me that he
5 thought it would be appropriate for me to comment on Mr.
6 Rossi's sports coat today, but I will decline to do
7 that. He will be back.

8 Okay. Our next item is, as many of these are
9 today, a very important item regarding recent events,
10 and that's consideration of providing general direction
11 to staff regarding the expenditure of appropriate
12 proceeds from the Cap and Trade program.

13 As I indicated at the outset our CEO, Jeff
14 Morales, who worked very, very closely with legislative
15 leaders on the structure of the Cap and Trade program,
16 we were extremely gratified that the legislature
17 allocated the portion that it did for us. I'll let Mr.
18 Morales explain that and also talk about this item.

19 Jeff, thank you for your work on that. It's
20 really been a privilege to the project.

21 MR. MORALES: Thank you, Mr. Chairman, and
22 as with every success, it's a team effort, and I think a
23 lot of the people in the public comment period were
24 engaged in that process as well as a great effort from
25 our staff. I think, again, just a consistent showing of

1 support and understanding from the legislature of the
2 importance of this program to the future of the state
3 really along the lines of what we heard in the public
4 comment period today.

5 What we wanted to do today was, given that the
6 Board has not met since June in public session, wanted
7 to run through what's happened in the interim and most
8 significantly, the adoption of the budget, which I
9 don't -- I'm not sure we can overstate the significance
10 of the budget to this program. It really is a seminal
11 event in the program and in the history of the program.
12 But it's also very important to note it's not just
13 important for high-speed rail. What the Governor
14 proposed, what the legislature ultimately adopted, not
15 only advances this program but represents a landmark
16 investment in rail transit, sustainable communities and
17 transit oriented development in the state. There has
18 never been an ongoing source of funding for these
19 programs at the State level before. We now have that
20 going forward, and that really is critical.

21 So I'll talk briefly about what's in the budget,
22 and then, as you noted, I want to talk about then the
23 direction we intend to propose to the Board, general
24 direction, for use of the proceeds. In -- the budget
25 action really took place in two steps. One was the

1 appropriation of Cap and Trade revenues specifically for
2 this current fiscal year starting on July 1 and then
3 secondly on an ongoing basis. The first year, there
4 were \$872 million in Cap and Trade proceeds that were
5 available for appropriation, and this is the breakdown
6 of how it was provided, and you see it's really a wide
7 ranging program consistent with and implementing the Air
8 Resources Board's scoping plan and representing a
9 multi-pronged approach to reducing greenhouse gases in
10 California. One of the things that is different about
11 California than many other states is that transportation
12 is the largest single contributor to greenhouses gases
13 as well as other pollutants. In many other states, most
14 others, utilities are the largest generator. In
15 California, because transportation is the largest
16 contributor, the ARB, the Governor, and now the
17 legislature have said that the largest share of Cap and
18 Trade proceeds should then go to solving that problem
19 and make transportation part of the solution as we go
20 forward rather than part of the continuing problem. And
21 so what we see is a significant investment of the Cap
22 and Trade revenues in various transportation programs.
23 Significantly for us in this program, the 250 million in
24 Cap and Trade revenues this year, but you see other
25 significant investments including clean vehicle

1 purchases and also a number of other areas affecting
2 sustainable communities.

3 The second very significant action that the
4 legislature took was then to look beyond the current
5 fiscal year and provide a continuous appropriation of
6 Cap and Trade revenues. This is not a typical action by
7 the legislature and really is very significant. What
8 they did was, in total, 60 percent of the future
9 revenues are now locked in as continuously appropriated,
10 meaning the legislature does not have to act again. We
11 do not have to go back to the legislature to seek new
12 authority for this. That -- and we heard some public
13 comment from that -- that is a hugely important signal
14 to the private sector to facilitate their investment in
15 the program. It also puts us in a very different place
16 in terms of our ability to manage the program, plan for
17 it, and implement it.

18 High-speed-rail, as is often the case, got a lot
19 of the attention about the Cap and Trade moneys, but
20 it's important to note that 35 percent, in fact, went to
21 other programs, to transit, to intercity rail, again, to
22 sustainable communities, affordable housing, other
23 programs. 25 percent coming to the high-speed rail
24 program on an ongoing basis. The legislature left
25 itself then 40 percent of the revenues year to year to

1 appropriate to specific programs as they see fit.

2 So that takes us to what that means for our
3 program, and in summary, there are a few things that I
4 think, just as a matter of principle, are really
5 important to recognize. One, the Cap and Trade funding
6 allows us to move forward on multiple segments
7 simultaneously, to build this program out as a system
8 and be able to invest in those, not wait for the next
9 round of funding, whether it be Federal or State, to
10 come along, but instead to be able to move ahead and
11 move forward, and as we'll talk, we'll very
12 significantly, we -- we'll be moving forward in three
13 areas simultaneously, and I'll go into more detail, but
14 it's really important to note that this is a program.
15 This is a statewide program, and so we'll be moving
16 forward simultaneously on the peninsula with the
17 electrification on the Caltrain system and continue that
18 work. Continue with the work in the Central Valley
19 build that out and now, with Cap and Trade, we can also
20 put new focus on southern California and on creating a
21 connection from the south as well as from the north.
22 That is significant in several ways. It creates and
23 starts activities in southern California, can provide
24 near-term benefits. It also creates the opportunity to
25 tie into sooner and really advance what could be the

1 first leg of an interstate high-speed rail system by
2 connecting at Palmdale to the Xpress-West project,
3 which, in part because of what the action that the
4 legislature here took, is seeing some new life, and
5 hopefully, now will be moving forward.

6 Sometimes, it's helpful to have a reference, and
7 I think, you know, there's been some question about how
8 we would build this system out. One of the concerns
9 that I and a number of the board members shared when we
10 came on was when Prop 1A passed and immediately after,
11 there wasn't a clear sense of really how this program
12 would be implemented and, you know, how you would build
13 420 mile system. It's helpful to look at history and
14 other examples, and what we have got here is the
15 construction of I-5 in California, and it's typical of
16 how big infrastructure projects are built. They're not
17 all built at once, kind of, what I refer to sometimes as
18 a 'Christmas morning' scenario, where we just wake up
19 one day and suddenly, it's happened. They're built over
20 time, and they're built in segments, and you pull those
21 segments into use as you can. That happened with the
22 I-5 over a period of some -- almost 50 years of --
23 sorry -- 40 years of construction as, piece by piece, it
24 was built, ultimately, linking up to a full north, south
25 connection. As we build our program, it's a similar

1 sort of principle that will apply to our system.

2 So then I'll just quickly talk about some of the
3 progress on the three areas, again, on the peninsula, in
4 the Central Valley, and in southern California, and how
5 the Cap and Trade funding will be used. It's important
6 to note the electrification of Caltrain is underway.

7 The environmental clearance is being led by the
8 Peninsula Corridor Joint Powers Board with the target of
9 completing that environmental clearance by the end of
10 this calendar year and then being under construction
11 shortly under -- procurement and construction of that
12 electrification shortly thereafter. The target being to
13 have electrified rail service on the peninsula in 2019,
14 and so we are supporting Caltrain in that effort and
15 working with them to achieve that. We sometimes don't
16 pay enough attention to what's happening in San
17 Francisco, the Trans Bay Terminal project, which is our
18 northern terminus, is well under construction, got lots
19 of hardhats, lots of men and women in orange and green
20 T-shirts hard at work with that project. And that's
21 having -- already, we see important impacts in terms of
22 development in that part of the city happening around
23 that station and the anticipation of what that station
24 will bring to the city. We have also just recently
25 entered into a planning agreement, a planning grant for

1 the City of Gilroy for the station there. They're very
2 excited about what high-speed rail will bring for them.
3 We're working with them on that and expect by the end of
4 the year to have a similar agreement in place with the
5 City of San Jose.

6 Central Valley, we're -- obviously, we get a lot
7 of attention and a very significant step this morning,
8 as the Chairman noted earlier with the Federal approval
9 to proceed with the construction now from Fresno through
10 Bakersfield based on the approval of the environmental
11 documents there. So now we have full construction
12 authority for the entire Central Valley segment, which
13 is a huge milestone for us as a program. Construction
14 Package 1 is well underway. You have seen reports, I
15 think, of some of the fiscal work where we are removing
16 abandoned buildings, cleaning up some blight in
17 anticipation of the construction, and also beginning
18 some of the early construction with the test piles for
19 the river crossings there. That's real work underway.
20 We have -- I believe the latest count is something like
21 47 Fresno County based companies, companies either based
22 in Fresno or with a presence there, working; 71
23 companies throughout the Central Valley working on the
24 program already. Over the next few months, we're going
25 to see the activity ramp up significantly as we move

1 into full construction there.

2 At the same time, we're proceeding with the
3 procurement of the next design build package. Bids are
4 due in October. We hope to come to the Board right
5 around the end of the year with the recommendation for
6 the award of that next contract. Again, we have cleared
7 the environmental approval, and we are moving forward to
8 that section.

9 Then in southern California, this is, again, what
10 Cap and Trade lets us do differently than we were doing
11 before and that is to put some focus on those segments
12 there, and then particularly, we're looking at Palmdale
13 to Burbank as a key segment, moving that program forward
14 more aggressively, again, creating the opportunity to
15 link up with the Xpress-West project as it comes from
16 Los Vegas, and then creating, ultimately, the
17 north-south connection to the Central Valley through
18 Bakersfield and up. We have taken some steps recently
19 to advance that, including splitting the environmental
20 documents so that we're looking at Palmdale to Burbank
21 separately than from Burbank to Los Angeles into Union
22 Station so that we can move forward as we get Burbank to
23 Palmdale resolved and cleared going forward.
24 Significantly, we will also be able to work both
25 potentially with the Cap and Trade moneys that come to

1 the Authority but also those that will go to intercity
2 rail and to transit to see that investments are made in
3 complementary projects in southern California that can
4 provide near-term benefits and ultimately be
5 incorporated into our system. The important
6 improvements at Union Station and key grade separations
7 between Los Angeles and Anaheim. We're also moving
8 ahead, as we are in the north, with planning grants and
9 working cooperatively with the cities there so that we
10 can actually, as we develop our stations, that, that we
11 achieve the kind of benefits that we actually intend to
12 achieve and that we work closely with the cities to do
13 that.

14 So, Mr. Chairman, Board, I'm happy to take
15 questions, but that's the general direction you have in
16 your packet also correspondence that I sent to Senator
17 Pavley before the vote on Cap and Trade as well as
18 correspondence from State Transportation Agency
19 Secretary, Brian Kelly to Senator Galgiani. And what
20 those two letters together really underscore is, again,
21 moving forward on a statewide basis with an
22 unprecedented investment in rail in this state, and what
23 we are seeking today is the Board's concurrence in that
24 general direction of how to move forward. We will make
25 specific decisions, obviously, as the circumstances

1 dictate, but we did want to get affirmation from the
2 Board on this general direction, and we'll be happy to
3 take any questions.

4 CHAIRMAN RICHARD: Okay. Before we go to
5 questions, I just want to make two quick observations.
6 The first one is that, you know, this board has been
7 around for a long time, and it's been through a lot and
8 there have been -- it's had more than its share of
9 controversies and more than its share of critiques and
10 criticisms, but one of my observations about the
11 strength of the High Speed Authority is that it has
12 always been forward looking, and because of that, when
13 opportunities arise, we have been ready to capture them.

14 Ms. Schenk is the sole member of this Board who
15 was here in 2008 when the stimulus package was passed by
16 the President. Because of the planning work that she
17 and her colleagues have done at that time, the Board was
18 well positioned to make applications to the Federal
19 Government. As a consequence, California got the lion's
20 share of the money that was there, and that's what
21 launched us on this enterprise. Mr. Morales and his
22 staff working with the Board, we've spent a lot of time
23 thinking down the road about what's going to happen, and
24 so when the opportunity afforded itself through Cap and
25 Trade to look at it in this funding stream, we were

1 ready, and I think that along with the hard work of Jeff
2 and his staff and the external advocates put us in the
3 position where the legislature felt comfortable giving
4 that obligation to high-speed rail.

5 I know that you made -- and my second point was
6 that I know that you made, kind of, an instant decision
7 at the -- at the 11th hour of the deal with the
8 legislature to articulate what you felt was this Board's
9 direction in terms of how these moneys could be best
10 spent to advance the program. I, personally, am very
11 comfortable with the way that you articulated that to
12 Senator Pavley, and so I'd like to hear from our
13 colleagues, but I think you did the right thing, and I
14 think that the way that you laid this out in your letter
15 to the Senator really articulates the way that this
16 program should proceed. So I just wanted to thank you
17 for that.

18 Questions or comments from members?

19 Mr. Frank.

20 MR. FRANK: A general comment and then a
21 specific suggestion regarding the resolution. A number
22 of years ago, I was privileged to be appointed by Air
23 Resources Board Chair, Mary Nickles, to serve on an
24 advisory commitment to advise the ARB and the
25 legislature on how to set up a Cap and Trade program,

1 and at the time, our group unanimously and very strongly
2 recommended a couple things that the proceeds from the
3 proposed Cap and Trade program option not be simply
4 returned to the general fund but instead be used to fund
5 California's necessary obligations to address climate
6 change, both mitigation measures and to adapt to the
7 unavoidable consequences of climate change. And two
8 specific recommendations that we made were, first, as
9 Mr. Morales has pointed out, to focus substantially on
10 the transportation sector given its disproportionate
11 responsibility for generation of greenhouse gas
12 emissions in the state, well over 40 percent, and
13 second, that the proceeds of the Cap and Trade option
14 be -- a portion of those proceeds focused on serving the
15 needs of those California residents who are going to be
16 particularly disproportionately affected by climate
17 change, low income and minority populations.

18 Fast forward to this year, I'm very grateful that
19 the ARB, in developing the program and more recently the
20 legislature in adopting the legislation that's been
21 summarized by our CEO, have followed those
22 recommendations. So I'm very supportive of the
23 resolutions before us today. With respect to that
24 resolution and if it's timely Mr. Chairman, there are --
25 in the first operative provisions, there's a reference

1 to, quote, "his letter," to say Senator Fran Pavley. In
2 the whereas provision, there's no reference to who the
3 "he" is. I would suggest an amendment to the resolution
4 leading to the word "his" and substituting the phrase
5 "the Authority's CEO's."

6 CHAIRMAN RICHARD: You might have a good
7 career as a lawyer.

8 MR. FRANK: That's all.

9 CHAIRMAN RICHARD: Okay. That's very good.
10 Thank you.

11 Other questions or comments.

12 Ms. Selby.

13 MS. SELBY: First of all, I completely
14 support this. I think this is wonderful, and I think a
15 lot of the good things that I'm hearing, even though I'm
16 in northern California, is, you know, what's going to
17 happen in southern California, "is it ever going to get
18 there." So I think having it come, the high-speed rail,
19 come from both sides is great.

20 I just have a small grammatical change that I'd
21 like to make in the -- one, two -- third "whereas." I
22 think we're "complementing" not "complimenting," or
23 whatever it is. If we could just change that, that
24 would be great.

25 CHAIRMAN RICHARD: We might do both.

1 MS. SELBY: Or both.

2 CHAIRMAN RICHARD: No, that's good.

3 Other questions or comments?

4 Oh, yes, Ms. Perez-Estolano.

5 MS. PEREZ-ESTOLANO: Good morning. Thank
6 you. As the, the, kind of, person from Los Angeles
7 County, I'm very excited about the opportunity to have a
8 multiple step in the approach in that this resolution
9 kind of gives me -- and I know our colleagues with the
10 Southern California Association of Government is hoping
11 to take advantage of the funds that we will be able to,
12 kind of, expedite this in terms of the MOU that we have
13 with them, and they reminded us about, about six months
14 ago. So we're able to meet our commitments with them,
15 and I think for southern California and LA, in
16 particular, the opportunities for the transit land use
17 development connections are phenomenal. And so I look
18 forward to this and working with the cities on making
19 this program something that southern California begins
20 to realize a lot earlier than we originally thought.

21 CHAIRMAN RICHARD: Thank you.

22 Other questions, comments?

23 Vice-Chair Hartnett, and then Vice-Chair
24 Richards.

25 MR. HARTNETT: Thank you, Mr. Chair. First,

1 I join in the comments of my colleagues. It's, it's
2 remarkable as we progress with this, the, the depth of
3 the background of our board members. Mr. Frank's
4 comments on his experience with Cap and Trade I think is
5 remarkable, and what he brings to this conversation is
6 really important. I think what the resolution does --
7 in our work, does -- is it gives us both a direction in
8 terms of geography and a philosophy in terms of funding
9 for Cap and trade. And I think both are tremendously
10 important to the future of high-speed rail.

11 You know, some have commented that Cap and Trade
12 was never intended for the purposes of high-speed rail,
13 and I think that couldn't be further from the mark.
14 High-speed rail fits specifically within the walls of
15 Cap and Trade as our colleague has mentioned. And so I
16 just think this is a tremendous jumping off point for
17 high-speed rail both in terms of funding and literally
18 in terms of direction. And so I couldn't be happier,
19 more happy to support this resolution.

20 CHAIRMAN RICHARD: Thank you.

21 Vice-Chair Richards.

22 MR. RICHARDS: Thank you, Mr. Chair. I
23 would only suggest that our CEO's comments with regards
24 to the importance of a defined revenue stream can't be
25 understated. And secondly, you alluded to, but I think

1 the other thing is it gives us the opportunity to really
2 start having the ability with now moving in two
3 different directions, actually, to start looking in the
4 near-term than we have probably contemplated before that
5 the opportunities in approaching the project sector
6 because I started looking at the earlier viability of
7 the possibility of the franchise. So I think that
8 certainly shouldn't be understated by any means.

9 Secondly, I was only wondering, Jeff, if you have
10 any thoughts with regards to the requirement in the
11 resolution that you must report back to the Board, and
12 if -- in your consideration of that, if you had any
13 time, timeline involved. I was wondering if it would be
14 not too burdensome by asking that there be at least a
15 semiannual report back to the Board and to incorporate
16 that with my colleagues approval and the resolution.

17 MR. MORALES: No issue with that whatsoever.
18 And I think there are a few -- what we were looking to
19 capture generally was -- there are a lot of decisions
20 that we will have to make, among other things, as the
21 revenue stream become more quantifiable and more known,
22 and it's important to note that the significance of the
23 continuous appropriation, in particular, is that we can
24 use it in a combination either pay-go as cash or as a
25 financing tool and -- or, you know, some combination of

1 the two. And so certainly those things we will come
2 back to the Board, look for guidance, look for direction
3 on how to best utilize those dollars, and we'll
4 certainly provide updates regularly or otherwise on
5 that.

6 CHAIRMAN RICHARD: All right.

7 Ms. Schenk.

8 I'm sorry. Did you finish?

9 Ms. Schenk.

10 MS. SCHENK: Thank you. Well, I certainly
11 strongly support this resolution. For those of us who
12 have been involved with the idea, the concept, the
13 fantasy of high-speed rail for, you know -- gosh, 30
14 years or more, the crystal ball was often very murky.
15 And even in recent years, it was cloudy. And with, with
16 Cap and Trade, with this way forward -- with this
17 construction plan, the crystal ball becomes very clear,
18 and I think all of us who have been involved with this
19 project, whether we're on this side of the dais or in
20 the audience, to now say, "yes, this is going to happen,
21 and we have the financing. We have a plan."

22 And, Jeff, I want to thank you, personally, for
23 the effort, the clear thinking, the leadership that you
24 provided in bringing us to this point. Obviously, it is
25 a team effort. Our Chairman has been incredibly

1 involved, the staff, but you're handy work is so evident
2 in this, and I thank you for it.

3 CHAIRMAN RICHARD: Ms. Schenk, I'd like to
4 just also point out, you have raised with me earlier
5 this week a very important point, the Cap and Trade
6 dollars, while we don't know the magnitude, we note that
7 it's going to be a significant amount of money. And
8 while we do have general oversight functions of this
9 board that I think are very, very strong through our
10 Finance and Audit Committee and the activities and the
11 involvement of the board member, this is a new funding
12 source of, of indeterminate length and size. And you
13 raised the issue whether we should make special efforts
14 to make clear to the public that this is something that
15 we are going to monitor very closely to make sure that
16 the dollars are well spent. And I'd hate to steal your
17 thunder on this, because it's your idea, but you raised
18 this, and I think it's a matter that our organization
19 should consider. And would you like to just amplify on
20 that.

21 MS. SCHENK: Well, thanks, Mr. Chairman.
22 Actually, I was going to bring it up under the next
23 agenda item, but I'm happy to do it now.

24 CHAIRMAN RICHARD: Why don't you.

25 MS. SCHENK: Because it does directly impact

1 the Cap and Trade dollars. As you note these are large
2 sums. And we have a responsibility to the public, to
3 ourselves, to the legislature, to the Governor to ensure
4 that these dollars are spent wisely, that we are on top
5 of every possible avenue dealing with mismanagement or
6 fraud or all the many ways that the dollars can go
7 astray. And so yes, I did ask if you and our CEO would
8 look into some way to perhaps tie with our audit and
9 finance function to give the public confidence that we
10 are going to be very, very close stewards of the money
11 that they have now entrusted to us. And I appreciate
12 your willingness to take a look at that and perhaps at
13 our next meeting come back with some way forward on it.
14 You know, the buck -- this -- these bucks will have many
15 stops along the way, and we want to make sure that
16 they're -- that they are monitored, that they are
17 reviewed, that whole song, 'we trust but we want to
18 verify.' So thank you.

19 CHAIRMAN RICHARD: Well, no. Thank you for
20 raising it. I will work with Mr. Morales and our
21 Finance and Audit Committee, and we need to take -- as
22 you said, we need to take special care to demonstrate
23 our vigilance on this.

24 MS. SCHENK: Thank you.

25 CHAIRMAN RICHARD: Just before we vote on

1 this -- I just -- Jeff, did you want to make a point?

2 MR. MORALES: Transportation Secretary,
3 Brian Kelley planned to be here this morning and wasn't
4 able to make it because of a scheduling conflict, but I
5 did want to reinforce what he would have said in
6 something we are doing, which is he has a responsibility
7 of developing guidelines for the use of the other Cap
8 and Trade revenues on the continuous source for the
9 intercity rail and for the transit investments. We're
10 working very closely with him and his team. The intent
11 there is to really make sure that this all functions as
12 a program and that there are complementary -- with an
13 "e" -- investments made in transit and in rail whether
14 it's in the A system, whether it's to make sure that the
15 investments we're making in Caltrain really achieve the
16 outcomes that we're looking for, you know, again, the
17 investments in southern California. So this really is
18 being developed as a statewide program, comprehensive
19 program. We're not working in isolation in any way if
20 that helps address some of Ms. Schenk's concerns about
21 the expenditure of these dollars. They will work
22 together.

23 CHAIRMAN RICHARD: Good. So I just want to
24 make one last observation, which is this, that actually,
25 at the end of this month, it will be three years that I

1 have been on this board, which is kind of amazing, but
2 the -- for the last three years, the focus has been on
3 the Central Valley. And all the effort to get the
4 project going has basically been in the Central Valley.
5 We did -- when we got the appropriation in 2012, there
6 were bookend funds and all that, but most of the
7 attention has been on the Central Valley. There are
8 nine men and women who sit up here, only one of whom
9 lives in the Central Valley, and yet all of us have
10 defended the decision to start in the Central Valley,
11 because we needed to secure the right-of-way. We needed
12 a place to test the trains. There were a multitude of
13 reasons, and we stood up against people who wanted to
14 divert the money from the Central Valley and put it in
15 other parts of the state, and I believe it was the right
16 thing to do. And I was very proud as a northern
17 Californian to go to Fresno, to go to Bakersfield, to go
18 to Hanford and say, "I believe this is where high-speed
19 rail needs to start," but now because of the work that
20 Mr. Morales described, we have this additional
21 opportunity, as he said, and now we are jumping down to
22 where Ms. Perez-Estolano lives and starting to build in
23 the other direction and Ms. Schenk -- and we're
24 spreading out. And it's really, really important
25 because as Ms. Schenk said, now I think most people see

1 that this thing is going to really get off the ground.
2 None of us up here ever thought we were building a train
3 to nowhere. We always believed that we were building a
4 spinal part of a system. And this is a system. It is a
5 program. One of the things that Mr. Morales has
6 emphasized, and he didn't emphasize it so much today,
7 but he has emphasized throughout this discussion is the
8 immediacy of the impact of the Burbank to Palmdale
9 investment in terms of the reduction of traffic,
10 reduction of greenhouse gas emissions, reduction of
11 criteria pollutants by the end of this decade. And
12 recently some of us travelled to Palmdale riding up
13 highway -- State Highway 14 through the Soledad Canyon,
14 and it is very crowded. It takes a long time.
15 Metrolink serves that area, but it's a long trip, and
16 this investment that we're making to build a leg of
17 high-speed rail there is going to have very rich and
18 very immediate benefits as well. So the pieces are
19 coming together. I appreciate Jeff's chart on the I-5
20 as a historical reminder but it really -- it really
21 does change everything. Now we have the valley, we have
22 southern California, we have the peninsula, and I think
23 people can start to see, just as one starts to see the
24 image arise from a jigsaw puzzle, you put together,
25 start to see the image of the state high-speed rail

1 system.

2 So with that, I'd like to entertain a motion in
3 support of the general direction that was laid out in
4 the letter from the CEO with the -- both additions
5 proposed by Mr. Frank, the grammatical correction made
6 by Ms. Selby, and also the suggestion by Vice-Chair
7 Richards that the CEO report back on at least a
8 semiannual basis to the Board.

9 MR. HENNING: I move approval.

10 MS. SCHENK: Second.

11 CHAIRMAN RICHARD: Okay. I think it was
12 moved by Mr. Henning. Second by Ms. Schenk.

13 And would the secretary please call the roll.

14 MS. NEIBEL: Ms. Schenk.

15 MS. SCHENK: Yes.

16 MS. NEIBEL: Vice-Chair Richards.

17 MR. RICHARDS: Yes.

18 MS. NEIBEL: Vice-Chair Hartnett.

19 MR. HARTNETT: Yes.

20 MS. NEIBEL: Mr. Rossi.

21 Ms. Perez-Estolano.

22 MS. PEREZ-ESTOLANO: Yes.

23 MS. NEIBEL: Mr. Henning.

24 MR. HENNING: Yes.

25 MS. NEIBEL: Mr. Frank.

1 MR. FRANK: Yes.

2 MS. NEIBEL: Ms. Selby.

3 MS. SELBY: Yes.

4 MS. NEIBEL: Chairman Richard.

5 CHAIRMAN RICHARD: Yes.

6 Thank you very much, and thank you again

7 Mr. Morales.

8 Move onto our next item and that will be the
9 consideration of adoption of audit charter in approving
10 the fiscal year 2014-15 audit plan. We have Paula
11 Rivera presenting this. Ms. Rivera really breaks into
12 the auditors meetings, and so we're happy to see her
13 here.

14 MS. RIVERA: Good morning Mr. Chairman and
15 Board. I'm Paula Rivera, who is with the Authority's
16 audit division, and I'm here today to request approval
17 of the two items, the audit charter and the current
18 year's audit plan. The audit charter provides guidance
19 and assistance to the Authority and the audit division
20 in fulfilling its oversight responsibilities for the
21 financial and operational reporting processes within the
22 Authority. The charter quantifies distinct items to
23 ensure continuity of the program as the program moves
24 forward.

25 Are there any questions regarding the charter?

1 CHAIRMAN RICHARD: I read through it.

2 Board members, questions?

3 Vice-Chair Richards.

4 MR. RICHARDS: I would only state,
5 Mr. Chairman, that with regard to both the charter and
6 the audit plan for 14-15 that this board's Audit Finance
7 Committee has worked closely with Paula and members of
8 that committee. We bring our response to you on both
9 items that we strongly support it and have been somewhat
10 involved in the language in the charter and also in the
11 close review of the audit plan for 14-15.

12 CHAIRMAN RICHARD: Thank you very much.

13 Other questions, comments.

14 MR. HENNING: Approve it.

15 CHAIRMAN RICHARD: Okay. It's been moved by
16 Mr. Henning.

17 MR. FRANK: Second.

18 CHAIRMAN RICHARD: Second by Mr. Frank.

19 Secretary, please call the roll.

20 MS. NEIBEL: I'm sorry. Are you moving both
21 resolutions?

22 CHAIRMAN RICHARD: Okay. I think the
23 intention was to move both the charter and the plan.

24 MS. SCHENK: I had questions on the plan.

25 CHAIRMAN RICHARD: Okay. Then Ms. Schenk,

1 you had questions on the plan. I apologize.

2 MS. SCHENK: So are we ready to talk about
3 the plan?

4 CHAIRMAN RICHARD: Yes.

5 MS. SCHENK: I have a question on how these
6 hours were determined. What was the background basis
7 for these, these hours that we have as resources, you
8 know, two hundred hours or a thousand hours?

9 MS. RIVERA: We looked at the breadth of the
10 topics. Some of the topics are much more extensive.
11 Some of them are areas where we have considerable
12 knowledge. I used my experience at Caltrans developing
13 audit plans, and then we looked at our current staffing
14 to come up with the estimated hours. That's really just
15 an estimate for staffing resources for the year. Once
16 we get into each assignment and develop an audit plan,
17 those hours will become more specific.

18 MS. SCHENK: Well, having looked at audit
19 plans -- and the reason I ask is for example, Board of
20 Directors travel expense. I know it sounds self-serving
21 but two hundred hours for nine people most of whom -- I
22 look at my travel expense claim, it takes me five
23 minutes, you know, because there's hotels and there's
24 air, which sometimes is hard. And I know others have
25 far more complicated -- but two hundred hours versus a

1 thousand hours of a design build. It doesn't seem to me
2 that two hundred hours -- we get twenty percent of what
3 you're going to put in design build would be dedicated
4 to something like travel -- and I just pulled that
5 out -- it just doesn't, sort of, seem, to me, a
6 realistic assessment of the hours.

7 MS. RIVERA: Okay. When we looked at the
8 travel claim process, it will take us a little bit of
9 time up front to develop the program and that sort of
10 information. We envision it taking about a week, four
11 times a year. We'll look at it quarterly. Time to pull
12 the records together, time to look at the records, and,
13 of course, if that -- if we have overestimated and we
14 get down the line, we have some experience with it, our
15 staff is experienced, and it takes 16 hours a quarter,
16 then, definitely, we'll use those hours in another way.

17 MS. SCHENK: Again, my point is in having
18 been in bureaucracy most of my life that if you give --
19 you give, you know, a hundred hours or a thousand hours,
20 it will be filled, you know, not exactly sure how, but
21 it will be filled by someone. And so I want to make
22 sure that we are dedicating sufficient hours to the --
23 and, you know, let's not focus on the board travel
24 that -- but any of these that we are focusing sufficient
25 hours on those things that are really -- really require

1 the oversight and the deep dives and that we not
2 allocate to things that it can be done fairly quickly,
3 deserving of oversight to be sure, but done quickly and
4 we have some to say, "Okay. We have got two hundred
5 hours," people will find a way to fill the two hundred
6 hours. That's all I'm concerned about.

7 MS. RIVERA: I understand.

8 CHAIRMAN RICHARD: Are there -- other
9 questions or comments?

10 Okay. Are we comfortable moving both items at
11 this point?

12 MS. SCHENK: Again, are we -- this is the
13 charter and the plan?

14 CHAIRMAN RICHARD: Yeah. Ms. Schenk, If you
15 want me to break them up, I will.

16 MS. SCHENK: And then the delegation to
17 finance and audit, is that separate, or is that included
18 in the motion.

19 CHAIRMAN RICHARD: I think it's included in
20 the motion.

21 MS. SCHENK: Well, if so, may I make one
22 more comment.

23 CHAIRMAN RICHARD: Of course.

24 MS. SCHENK: I have full faith and
25 confidence, of course, in the Fiance and Audit

1 Committee, but I think it would be appropriate for there
2 to be a report to the Board on a quarterly basis and --
3 unless I miss something. I mean is there, Jeff?

4 MR. MORALES: That is our operating
5 practice. I don't think it's built into the --

6 MS. SCHENK: I would like to have that built
7 into the resolution.

8 CHAIRMAN RICHARD: Yeah, that's fine if that
9 has been the practice to have quarterly reports by the
10 Finance and Audit.

11 MS. SCHENK: That's all I have to say.
12 Thank you.

13 CHAIRMAN RICHARD: So we'll include that in
14 the motion that the Finance and Audit Committee will
15 report back to the Board quarterly. That's good.

16 All right. Now, on the -- on the plan and the
17 resolution and the delegation, can we have secretary
18 please call the roll.

19 MS. NEIBEL: Ms. Schenk.

20 MS. SCHENK: Aye.

21 MS. NEIBEL: Vice-Chair Richards.

22 MR. RICHARDS: Yes.

23 MS. NEIBEL: Vice-Chair Hartnett.

24 MR. HARTNETT: Yes.

25 MS. NEIBEL: Mr. Rossi.

1 Ms. Perez-Estolano.

2 MS. PEREZ-ESTOLANO: Yes.

3 MS. NEIBEL: Mr. Henning.

4 MR. HENNING: Yes.

5 MS. NEIBEL: Mr. Frank.

6 MR. FRANK: Yes.

7 MS. NEIBEL: Ms. Selby.

8 MS. SELBY: Yes.

9 MS. NEIBEL: Chairman Richard.

10 CHAIRMAN RICHARD: Yes.

11 Thank you, Ms. Rivera.

12 Next up, we'll have consideration of awarding
13 contract for financial advisory service, Mr. Russ Fong.

14 Good morning, Mr. Fong, and thank you again for
15 your work on the payment to the small business
16 contractors.

17 MR. FONG: Thank you, Mr. Chairman. Good
18 morning, Mr. Chairman, board members, Mr. Morales. My
19 name is Russ Fong. I'm the Chief Financial Officer.
20 Agenda item 4 is requesting your approval to award KPMG,
21 LLP our financial advisory contract. With your
22 approval, you will authorize our CEO to get a contract
23 with KPMG for an amount up to and including \$3
24 million -- excuse me \$9 million for three years with an
25 option to amend for time in an additional two years. Be

1 happy to answer any questions.

2 CHAIRMAN RICHARD: Mr. Morales.

3 MR. MORALES: Mr. Chairman, I just want to
4 note for the Board, as you, know KPMG has been our
5 financial advisor. I do want to stress to the Board and
6 I think we captured in the memo, but this was a
7 re-procurement. We had a very strong competition. We
8 had very strong bidders and so this award is the result
9 of the appropriate -- it was vigorous competition and
10 we're very comfortable that the services that we need
11 going forward will be provided on this contract.

12 CHAIRMAN RICHARD: And just to supplement
13 that point, Mr. Morales, you have brought a number of
14 contracts to the Board recently in which you have
15 indicated that in some cases you felt it was most
16 efficient to extent those contracts but that at the end
17 of that extension period, we would move to a
18 re-procurement. And this seems to be consistent with
19 the direction that you have indicated to the Board that
20 you were approaching. So this is a very important
21 contract for us, and my understanding from you is that
22 the competition was, in fact, vigorous and that the
23 contractors, kind of, upped their game in order to hold
24 on to the contract and that's as it should be as a
25 competitive environment.

1 So questions from members of the Board?

2 Vice-Chair Richards.

3 MR. RICHARDS: I -- just as a point of
4 clarification, Russ, on the scoring matrix, for anybody
5 in the public who has looked at the agenda, I'm just
6 assuming there is no two -- or no three and four. We go
7 one, two, and then five. Then the total is eight
8 hundred points. So is that correct?

9 MR. FONG: That's correct.

10 MR. RICHARDS: Okay.

11 CHAIRMAN RICHARD: All right. Motion?

12 MR. HARTNETT: Well, I want to make a
13 comment.

14 CHAIRMAN RICHARD: Please.

15 MR. HARTNETT: Before we adopt the
16 resolution, I do appreciate that this was a
17 re-procurement. I think the competitive environment was
18 very good, and I, you know, we're not unfamiliar with
19 this kind of competitive procurement, and so I don't
20 want anyone to think that because we may not spend a
21 whole lot of time on the questions that we don't take
22 this -- looking -- that it deserves. This isn't our
23 first rodeo on these kinds of things. And we have
24 worked with staff over time in terms of fine-tuning the
25 competitive process so that it is one that we're

1 comfortable with, and I am comfortable with how this
2 process was set up, how the evaluation was done, and
3 with the outcome of this competitive process. And so I
4 think the appropriate checks and balances were in place,
5 and that we have a very good contractor to deal with,
6 and so with that, I move that we adopt the resolution,
7 the motion as recognized.

8 MS. PEREZ-ESTOLANO: I'll second, but I'd
9 like to just say something real quick.

10 CHAIRMAN RICHARD: Please.

11 MS. PEREZ-ESTOLANO: I just wanted to say
12 that this is the first time, like, that we have seen the
13 small businesses and disadvantaged veterans, I mean, all
14 of them listed out like that. I don't recall where we
15 have done that in the staff report, and I appreciate
16 that because, you know, we, we kind of swim amongst a
17 small circle of consultants, and it's good to see that
18 we are -- that these teams are coming in with some very
19 strong small businesses that I think are going to do us
20 great work but I know are going -- really going to
21 benefit those local communities. And so I appreciate
22 you listing it out as specifically as you have. So I
23 move -- I second.

24 CHAIRMAN RICHARD: All right. I thank my
25 colleagues for both those comments.

1 Would the secretary please call the roll.

2 MS. NEIBEL: Ms. Schenk.

3 MS. SCHENK: Yes.

4 MS. NEIBEL: Vice-Chair Richards.

5 MR. RICHARDS: Yes.

6 MS. NEIBEL: Vice-Chair Hartnett.

7 MR. HARTNETT: Yes.

8 MS. NEIBEL: Mr. Rossi.

9 Ms. Perez Estolano.

10 MS. PEREZ-ESTOLANO: Yes.

11 MS. NEIBEL: Mr. Henning.

12 MR. HENNING: Yes.

13 MS. NEIBEL: Ms. Selby.

14 MS. SELBY: Yes.

15 MS. NEIBEL: Chairman Richard.

16 CHAIRMAN RICHARD: Yes.

17 Thank you, Mr. Fong, and congratulations to KPMG.

18 Next item is item 5. Finding pursuant to

19 Government Code Section 51292, which is the Williamson

20 Act, for locations related to high-speed rail

21 construction package 1-A and B.

22 I thought I was going to have Ms. Gomez up here

23 to abuse, but Mr. Andrew.

24 MR. MORALES: She's right there.

25 CHAIRMAN RICHARD: I just wanted to say, you

1 know, she smiles, but football season is about to start,
2 she'll be pretty grumpy about that.

3 MR. ANDREW: I will hope not for all our
4 benefit.

5 Good morning, Chair Richard, board members, and
6 CEO Morales. I'm Jeff Andrew, with the Authority legal
7 staff. This agenda item 5 is in many ways adjunct to
8 the decision the Board made on the Fresno -- Merced,
9 Fresno alignment back in May of 2012. That decision of
10 two years ago selected the hybrid alignment from Merced
11 to Fresno, which was a combination of being closer to
12 the BNSF line and the UPRR line in that segment. The
13 EIR/EIS that supported that decision two years ago
14 acknowledged that the alignment would result in the
15 conclusion of some high-speed rail alignment uses. That
16 EIR/EIS listed three alignment alternatives and noted
17 the corresponding different amounts of agricultural land
18 that would be converted as part of that decision. That
19 information informed the Board about the different
20 consequences of the alignment choices that were reported
21 to the Board two years ago, and otherwise, they would
22 have took into consideration in that alignment the
23 different amounts of agricultural land that would be
24 converted as well as other factors, you know, described
25 in your Board packet.

1 The Board at the time it made that decision two
2 years ago, required extensive mitigation in the form of
3 agriculture easements and other efforts to preserve
4 agricultural land in other areas where the alignment
5 would not be converted land as mitigation that's
6 explained in your board memo in some detail. As the
7 project now moves into implementation, as CEO Morales
8 pointed out earlier, another step -- a legal step that's
9 required for the certain land that the project will
10 convert is -- for the Board to make a couple of findings
11 under the Williamson Act as explained in your board
12 packet. The first finding is that the alignment
13 location is not based primarily on the lower cost of the
14 certain land to these Williamson Act contracts. And as
15 noted in the board memo, the EIR had cost estimates for
16 the different alignment choices the Board made two years
17 ago. Those cost estimates assume that the land value
18 did not have this, sort of, artificially depressed
19 prices as a result of these Williamson Act contracts.
20 In other words, it treated all land equally, and so that
21 supports this finding.

22 The second finding that's required is that no
23 other land is reasonably available to be able to locate
24 the alignment, and that's also discussed in your board
25 memo. So at this point, staff is requesting that the

1 Board make these two findings for the 15 parcels that
2 are listed in your board packet for the reasons detailed
3 in there. And I would like to note that staff has
4 worked very closely with our expert colleagues at the
5 Department of conservation in developing this item and
6 working through all the applicable issues that the
7 project will have, and their expertise and guidance has
8 been terrific, and I just wanted to publically thank
9 them for that assistance moving forward.

10 If the Board makes these findings, staff would
11 move forward with attempting to acquire 15 parcels.
12 They're listed there, and the board packet notes the --
13 finding the steps are required before we actually
14 acquire the property. That's why we're here before you
15 today. And lastly, I'd just note that this is an
16 ongoing process. These findings are required before the
17 Authority acquires parcels subject to the Williamson
18 Act, and so we will be returning to the Board in the
19 future on similar subjects like this. Probably when we
20 make alignment decision on the Y where decisions have
21 not been made, we'll make the findings in the same way,
22 and I'm happy to take any questions.

23 CHAIRMAN RICHARD: Okay. Before that,
24 Mr. Morales.

25 MR. MORALES: Just very briefly, Mr.

1 Chairman, I just want to reinforce and clarify for the
2 Board and the public, I want to make sure you understand
3 that all of the assessments of impact on these lands as
4 well as the identification of mitigation was done as
5 part of the EIR/EIS process. These are not new lands.
6 This is just a separate reporting requirement under the
7 Williamson Act now that that's triggered, but I just
8 want to, again, clarify that the underlying analysis was
9 done and considered as part of the environmental review
10 process.

11 CHAIRMAN RICHARD: Very good.

12 Mr. Frank.

13 MR. FRANK: Thank you, Mr. Chairman. I have
14 been a longstanding and strong supporter of the
15 Williamson Act and it's objectives. In a past
16 professional life, I spent significant time working with
17 the Department of Conservation and my former colleagues
18 in the Attorney General's office to enforce these
19 contracts up and down the state. And since I have been
20 out of government, as a result of the budget crisis that
21 the State reimbursement lost property tax revenues.
22 That funding stream has ended and not been renewed.
23 That said, the legislature, in its wisdom, has seen fit
24 to include this exception for public improvements
25 assuming the requisite findings can be made, and I'm

1 fully satisfied that under the circumstances here, those
2 findings can and should be made. And I just want to
3 commend the staff during my time on the Board that it
4 has demonstrated consistent sensitivity to the need to
5 preserve, where possible, agricultural land up and down
6 the state. So, again, I think this is a thoughtful
7 analysis, and I'm prepared to support it.

8 CHAIRMAN RICHARD: Thank you very much,
9 Mr. Frank.

10 Ms. Selby.

11 MS. SELBY: Yes. I have a -- just -- I
12 think a point of clarification. I'm trying
13 to understand on the chart that we were given that has a
14 green, being the Williamson Act parcel remainder, and
15 the other being that which it impacted, and if you can
16 kind of explain what that difference is between that and
17 the existing acreage and remainder acreage, because I
18 can't really understand which parcel is being affected
19 and which is existing and which is remainder.

20 MR. ANDREW: The way I understand it, and I
21 have got staff folks here to correct me if I'm wrong, is
22 that the Williamson Act is -- the contracts are put on
23 an entire parcel and what, what the chart, or the map,
24 is attempting to show is that if the acreage of a
25 certain parcel is a hundred and fifty acres, we're going

1 to be taking some portion of that parcel. The whole
2 parcel, 150 acres, is in the Williamson Act contract, of
3 course, we're not going to require the entire 150 acres
4 of square parcel. We're at a relatively narrow portion
5 of the alignment. So what the map shows is the existing
6 acres of the property that we're going to take a portion
7 of and then what we are left over after we take our
8 slice out. So its existing acres is the total acres of
9 the parcel itself, and then what's remaining is what
10 will be left over after the high-speed rail takes its
11 part out.

12 And the reason why we wanted to show this exhibit
13 is that, under the Williamson Act, a parcel of farmland
14 has to be a certain minimum size in order to qualify to
15 have this benefit as in lower property taxes and then
16 they'll be enabled to plan to continue to be
17 economically farmed. And what this shows is that in
18 Madera County where all these parcels are located, the
19 minimum acreage is 40 acres, and so for each of these
20 different parcels, even after we take our slice for the
21 project, the remaining acreage will be, still, greater
22 than 40 acres so that the property owner will continue
23 to get the benefit of the Williamson Act.

24 CHAIRMAN RICHARD: Very good.

25 Ms. Selby, any other questions?

1 MS. SELBY: No.

2 CHAIRMAN RICHARD: Okay. If there are no
3 other questions, I'll entertain a motion.

4 MR. FRANK: Move the recommendation.

5 CHAIRMAN RICHARD: All right.

6 MR. HARTNETT: Second.

7 CHAIRMAN RICHARD: Okay. It's been moved by
8 Director Frank. Seconded by Vice-Chair Hartnett.

9 Will the secretary please call the roll.

10 MS. NEIBEL: Ms. Schenk.

11 MS. SCHENK: Yes.

12 MS. NEIBEL: Vice-Chair Richards.

13 MR. RICHARDS: Yes.

14 MS. NEIBEL: Vice Chair Hartnett.

15 MR. HARTNETT: Yes.

16 MS. NEIBEL: Mr. Rossi.

17 Ms. Perez-Estolano.

18 MS. PEREZ-ESTOLANO: Yes.

19 MS. NEIBEL: Mr. Henning.

20 MR. HENNING: Yes.

21 MS. NEIBEL: Mr. Frank.

22 MR. FRANK: Yes.

23 MS. NEIBEL: Ms. Selby.

24 MS. SELBY: Yes.

25 MS. NEIBEL: Chairman Richard.

1 CHAIRMAN RICHARD: Yes.

2 Thank you, Mr. Andrew.

3 Item 6, consider awarding the project
4 construction management contract for construction
5 package 2-3. It is a very important contract.

6 Scott Jarvis. Good morning, Mr. Jarvis.

7 MR. JARVIS: Good morning, Chairman Richard,
8 and board members, CEO Morales. I'm Scott Jarvis. I'm
9 the deputy program manager for the Authority, and yes,
10 I'm here for you to consider the award of the PCM
11 services contract for CP 2-3.

12 So just a little history, on April 3rd this year,
13 the Authority released a Request For Qualifications for
14 project and construction management services for
15 construction package 2-3. And so the PCM, they serve as
16 the Authority's eyes and ears for the oversight, the
17 design build contract, and some of those tasks include
18 identifying, managing, and mitigating project risks,
19 volunteering technical contract requirements including
20 costs are met. So there's other specific duties that
21 the PCM performs and that includes overseeing inspection
22 and materials testing of the high-speed train civil
23 infrastructure and technical and environmental
24 compliance, construction safety, and public outreach
25 support under the direction of the Authority.

1 So five offerers submitted Statement Of
2 Qualifications on June 25th, 2014. And the SOQs were
3 reviewed and evaluated by Authority staff in accordance
4 with our administrative policies and procedures. And
5 the offerers were then invited to interview, and
6 discussions were held on July 15th, 2014 to further the
7 evaluation process and serve as a basis for ranking the
8 offers. And so this process consisted of a presentation
9 from each team followed by questions and answers. And
10 the teams were then scored following the criteria in the
11 RFQ, and Arcadis was the top ranked offer, and after the
12 series of meetings and proposals, negotiations with
13 Arcadis were successful. An agreement on a price in the
14 amount not to exceed approximately \$71,865,000 was
15 reached subject to Board approval.

16 Now, Arcadis is a respected leading global
17 natural and build asset design and consultant firm, and
18 the company does -- has experience in managing PCM
19 services that are described in our contract. And in the
20 contract issued for PCM services for CP 2-3 does include
21 the Board adopted 30 percent small and disadvantaged SBE
22 participation goal. So the Authority now seeks the
23 Board's approval to award the PCM services contract for
24 CP 2-3 to Arcadis, and if approved by the Board, the
25 Authority would then enter into a contract with Arcadis

1 for approximately five years, which includes a term of
2 one year past the substantial completion of the CP 2-3
3 design build contract.

4 Okay. So I can now take any questions you may
5 have.

6 CHAIRMAN RICHARD: I have one, but I'll
7 defer to my colleagues first.

8 Mr. Morales, did you want to supplement.

9 MR. MORALES: Just one quick comment on the
10 timing of this. Our intents in moving forward with this
11 and seeking approval for this contract prior to award of
12 the design build is to have this firm on board as our
13 eyes and ears, discuss it, as we bring on a design
14 building so that they could be working with us actually
15 to some degree in helping evaluate the design bid
16 proposal so that they are there from day one of the
17 contract. So that's why this is coming in advance of
18 design build.

19 CHAIRMAN RICHARD: Okay. Mr. Hartnett,
20 question?

21 Any other questions from colleagues?

22 Vice-Chair Hartnett

23 MR. HARTNETT: Just on a clerical thing.
24 Again, I appreciate the process, this having gone
25 through the evaluation. In the resolution in the

1 section where it says, "therefore it is resolved," it
2 gives the CEO the authority to enter into a contract.
3 It doesn't specifically say a contract with Arcadis. So
4 I think their name should be in that section. It's in
5 the "whereas," but I think the wording should be
6 specific to that.

7 CHAIRMAN RICHARD: As opposed to saying,
8 "Jeff Morales Enterprises."

9 MR. HARTNETT: That would be true.

10 CHAIRMAN RICHARD: Very good. I can see
11 we're closing in on the lunch hour. Okay. That's good.

12 And then I just -- you know, Mr. Hartnett before
13 raised the point that we have experience on this board
14 with these kind of the procurements. I just -- the
15 public can see our briefing memo as we do, but when
16 someone gets a score of 90.6 percent versus 82.4
17 percent, is that considered close or would you say,
18 Mr. Jarvis, that there was a clear distinction between
19 those just to help me and others understand, kind of,
20 the relevance here.

21 MR. JARVIS: Well, I mean, it was
22 competitive in the sense that, you know, the offers were
23 really world class construction management firms, but as
24 far as the spread for this particular procurement,
25 Arcadis really did come out clearly on top.

1 CHAIRMAN RICHARD: Okay. All right.

2 MS. PEREZ-ESTOLANO: I did have one
3 question.

4 CHAIRMAN RICHARD: Ms. Perez-Estolano.

5 MS. PEREZ-ESTOLANO: Why did we opt to
6 exercise a RFQ versus a Request For Proposal on a
7 contract of this scale?

8 CHAIRMAN RICHARD: That's a good question.

9 MR. JARVIS: Well, this is, essentially, you
10 know, the one-step process where we submit the RFQ, and
11 then they submit the qualifications to us. And then
12 upon reviewing that, as long as they met all the
13 administrative requirements, then we immediately go into
14 the selection process. So, you know, normally for our
15 professional services contracts, we don't have that two
16 step where we shortlist and then put out the
17 advertisement for an RFP.

18 MR. MORALES: Tom, maybe you could provide a
19 little more. There are separate laws in procurement
20 governing the procurement of professional services
21 contracts as opposed to construction contracts, and the
22 RFQ process is used for professional services. I think
23 that's on the Federal Brooks Act and then there's
24 corresponding state law.

25 MR. FELLENZ: Right. That's correct. The

1 architectural engineering services, which this contract
2 falls into, is -- goes through an RFQ process. So it
3 set out in statute, whereas a construction project like
4 the design build, it's RFP -- well, it's two steps. RFQ
5 process to qualify and then an RFP process, and then
6 they submit a proposal in the design build arena so that
7 we can see how they will design and build the project,
8 whereas these services are paid for by the hour, and so
9 there isn't really a proposal they make. They have a
10 scope of work for which they have to comply with, and we
11 will manage to that. And then they set a budget and you
12 see the total for the budget is 71 million in this case.
13 So that's how that is built up. And then in addition,
14 they're making up the \$71 million, each person who is
15 qualified and approved to work on the project will have
16 an hourly rate associated with it, and that's the format
17 for the architectural engineering contract.

18 MR. MORALES: Yes. And just to further,
19 again, there's Federal law that governs this and
20 corresponding State law. Under the Federal law, and
21 it's referred to as the Brooks Act, professional
22 services like these cannot be procured on -- solely on a
23 price basis. There has to be qualifications. And
24 that's an important distinction between that and a
25 construction contract, which in our design build

1 procurement, we have done a best value, which is a
2 combination of qualification and price. Most of the
3 construction contracts and the state are based purely on
4 price, which is why it's an RFP process where they
5 submit an actual price. What the bidders here submit to
6 us is not a price for the total project. We set an
7 expected budget, and then they, as Tom indicated, they
8 provide the background information that helps us arrive
9 at the final price, but by law, we're not allowed to
10 award based just on price for these contracts.

11 MR. JARVIS: And just for clarification as
12 far as the price, there's an annual work plan that is
13 submitted each year, and that's reviewed by the
14 Authority to come to agreement with the firm, and so
15 that's a total estimated contract amount, but it's
16 reviewed each year through the annual review process.

17 MS. PEREZ-ESTOLANO: I appreciate the
18 explanation. Thank you.

19 CHAIRMAN RICHARD: Very helpful. Okay.
20 I'll entertain a motion on this.

21 MS. SELBY: Move.

22 CHAIRMAN RICHARD: Moved by Ms. Selby.

23 MS. PEREZ-ESTOLANO: Second.

24 CHAIRMAN RICHARD: Seconded by Ms.
25 Perez-Estolano.

1 Will the secretary please call the roll.

2 MS. NEIBEL: Ms. Schenk.

3 MS. SCHENK: Yes.

4 MS. NEIBEL: Vice-Chair Richards.

5 MR. RICHARDS: Yes.

6 MS. NEIBEL: Vice-Chair Hartnett.

7 MR. HARTNETT: Yes.

8 MS. NEIBEL: Mr. Rossi.

9 Ms. Perez-Estolano.

10 MS. PEREZ-ESTOLANO: Yes.

11 MS. NEIBEL: Mr. Henning.

12 MR. HENNING: Yes.

13 MS. NEIBEL: Mr. Frank.

14 MR. FRANK: Yes.

15 MS. NEIBEL: Chairman Richard.

16 CHAIRMAN RICHARD: Yes.

17 MR. MORALES: Mr. Chairman.

18 CHAIRMAN RICHARD: Yes.

19 MR. MORALES: Let me just clarify that
20 motion was with the addition of the specificity of
21 "Arcadis" in there.

22 CHAIRMAN RICHARD: Yes. Thank you. So
23 we'll remove "Morales" and insert "Arcadis."

24 Okay. Before we go to closed session, I just
25 want to make two quick points. First, just so people

1 would know, Mr. Rossi was called away by some business
2 with the Governor's office, and so that is the reason he
3 had to step out this morning. And secondly, before we
4 go into closed session, because generally, we come back
5 very quickly at the end, I'd just like to note that
6 there is, sort of, a family of people who work at the
7 transportation sector. And as you come to our meetings,
8 you see and hear different contractors and different
9 people, and for those of us in the Authority, we see
10 people who work for those companies and so forth.
11 Between last meeting and this one, we received a very
12 sad and surprising and sort of shocking news that a
13 woman who was a regular participant here, Caroline
14 Rodman, who worked for TY Lynn International, died very
15 suddenly. And it was quite tragic. I knew Ms. Rodman.
16 Ms. Selby was very good friends with Ms. Rodman. She
17 was a dynamic and highly professional person who
18 represented her company and her industry very, very
19 well. So we send our sympathies to, to her colleagues
20 and to her family. And I would just ask that we adjourn
21 today's board meeting in memory of Caroline Rodman of TY
22 Lynn, who died prematurely and suddenly and tragically.
23 Ms. Selby, I don't know if you wanted to add
24 anything to that. Okay.
25 With that, the Board will now enter into -- oh

1 I'm sorry. Ms. Schenk. Excuse me.

2 MS. SCHENK: I'm sorry. I just wanted to
3 make a comment. You know, we tend to get through some
4 of these issues rather quickly, to underscore that the
5 staff really puts in a lot of effort to meet with us
6 individually or either telephonically or in person so we
7 spend hours going over these matters and having our
8 questions, obviously, well within the confines of the
9 law. They do it individually, sometimes two of us on
10 the phone at the same time so that the public
11 understands the -- that what we get is not just the
12 presentation here and the written documents but we do
13 get a lot of attention from the staff, and I know we all
14 appreciate that. Thank you.

15 CHAIRMAN RICHARD: Thank you, Ms. Schenk.

16 The High Speed Rail Authority Board will now
17 enter into closed session to discuss matters of
18 litigation as outlined in the agenda. Following the
19 closed session, we'll return to report on any items.

20
21 (Whereupon the Board entered into closed session.)

22
23 CHAIRMAN RICHARD: All right. The closed
24 session of the High Speed Rail Authority Board has now
25 been completed. There's nothing to report. This

1 meeting stands adjourned. Thank you.

2

3 (Whereupon the meeting adjourned at 1:14 p.m.)

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1 I, Brittany Flores, a Certified Shorthand
2 Reporter of the State of California, duly authorized to
3 administer oaths, do hereby certify:

4 That the foregoing proceedings were taken before
5 me at the time and place herein set forth; that any
6 witnesses in the foregoing proceedings, prior to
7 testifying, were duly sworn; that a record of the
8 proceedings was made by me using machine shorthand which
9 was thereafter transcribed under my direction; that the
10 foregoing transcript is a true record of the testimony
11 given.

12 Further, that if the foregoing pertains to the
13 original transcript of a deposition in a Federal Case,
14 before completion of the proceedings, review of the
15 transcript () was () was not requested.

16 I further certify I am neither financially
17 interested in the action nor a relative or employee of
18 any attorney of party to this action.

19 IN WITNESS WHEREOF, I have this date subscribed
20 my name.

21 Dated:

22

23

24 _____
25 Brittany Flores CSR 13460